Wednesday January 1985

### World news

## Reagan revises economic to record forecasts high

ising its economic forecasts to project lower levels of inflation and ower interest rates in 1986.

Although the reduction in the inflation forecast will have no significant direct impact on the outlook for the budget deficit, the lowering of the interest-rate projection is estimated to save the Government

some \$10bn in 1986. The budget message that President Ronald Reagan will send to Congress at the beginning of next week is expected to project a deficit for 1966 of about \$176bn, on the op-timistic assumption that cuts in federal spending of \$51bn will be approved. Page 4

## Priest's trial demand

Prosecution demanded the death sentence for security police Captain Grzegorz Piotrowski, alleged to have led the kidnap and murder of pro-Solidarity priest Jerzy Popie-luszko. Sentences of 25 years were sought for three other security officials. Page 2

## Banker charged

и; ь

C++ C++ >++ 8

Hans Friderichs, the former West German Economics Minister and chief executive of Dresdner Bank, is facing an additional charge of tax evasion in connection with the country's Flick political bribery af-

## Thatcher rejected

Oxford University voted against granting British Prime Minister Margaret Thatcher an honorary degree in civil laws. The Congregation, the university's parliament, voted 738-319 against the proposal, which marked a break in a 40year-old tradition of granting honorary doctocates to government heads with Oxford degrees.

## Collapse averted

Austria's coalition government SOUTH AFRICA introduced tighter averted a threat to its survival by controls over foreign exchange for t enschlager, who is at the centre of controversy over his reception of a Nazi war criminal. Page 2

## Gelli funds decision

A Swiss court in Lugano rejected a request by the lawvers of Italian financier Licio Gelli to release funds frozen in Switzerland after Gelli's arrest in September 1982.

# Rebels kili 32

Angolan anti-government rebels killed 32 civilians in an attack on a village near the capital, Luanda, Portuguese state radio said.

## Break in fighting

The Government of El Salvador and the country's guerrilla leaders agreed to a break in fighting during a national vaccination campaign for 400,000 children.

## N-ban pledge

New Zealand's Prime Minister David Lange said he would stick to the ban on muclear ships or weapons despite increasing pressure on his Government. Page 3

## Guerrillas end fast

Three urban guerrillas on hunger strike in West German jails have broken their fast after eight weeks.

## Priests to be armed

Five Sikh High Priests in the Indian holy city of Amritsar have been given permission by local authorities to carry firearms to protect themselves against possible attack by extremists. A Sikh leader was wounded in Amritsar earlier this month.

We apologise for any typographical with the proof and the proof

## Business summary

.No. 29,537

# Late surge takes Dow

WALL STREET: A wave of buying in the last half hour pushed U.S. share prices to new peaks yester day, with the Dow Jones industrial average surging past its November 1983 peak to close at a record high of 1,292.52, a gain of 14.79 on the day. Section III

HANSON TRUST, British-based industrial holding company, failed in its £170m (\$189m) bid to take over Powell Duffryn, UK distribution and storage group. Page 12

STERLING showed a slight improvement in London, gaining 35 points against the dollar to close at \$1.1145. It was also better at DM 3.5425 (DM 3.5175), FFr 10.82 (FFr 10.7625), SwFr 2.9725 (SwFr 2.9575) and Y283.75 (Y282.50). The pound's exchange index closed at 70.8, a rise of 0.3. In New York, it closed at \$1.117. Page 35

DOLLAR was firm in London, ris ing to DM 3.176 (DM 3.167), FFr 9.7025 (FFr 9.68), SWFr 2.666 (SWFr 2.662) and Y254.30 (Y254.15). On Bank of England figures, the dol-lar's trade-weighted index closed at 146.2 from 146.3. In New York, it closed at DM 3.1735, SwFr 2.663, FFr 9.895 and Y254.25. Page 35

COPPER prices rose to their high est level, in sterling terms, for nearly five years on the London Metal Exchange, encouraged by a strong upward trend in New York. Cash higher-grade copper added £35 to £1,267.5 a tonne. Page 32

GOLD rose \$4.75 on the London bul lion market to \$302.75. It also improved in Zurich to \$303.15. In New York, the Comex February settle ment was \$301.80. Page 34

LONDON: Equities plunged on in-terest-rate fears although gilts managed gains. The FT Ordinary index fell a further 16.7 to 961.2. Section III

TOKYO: Biotechnology issues were sought in brisk trading and the Nik-kei-Dow market average gained 44.21 to 11,843.07. Section III

markets and bank lending. The aim fence Minister Friedhelm Frisch is to limit speculative trading. which the authorities blame for much of the rand's recent decline

JAPAN and the U.S. agreed to pursue separate studies on four market areas in which the U.S. claims Japan unfairly discriminates against U.S. goods and services. Page 4

INTERNATIONAL Monetary Fund team left Ankara after two weeks of talks with the Turkish Government amid reports that Turkey and the IMF might be planning another one-year stand-by agreement.

HONG KONG director of trade Hamish Macleod left for Washington to persuade the U.S. to abandon new textile import regulations. Page 4

RANK ORGANISATION, UK leisure and industrial group, raised pre-tax profits by 52 per cent to £105.3m (\$117m) in the year to end-October, on turnover down from £742.8m to £724.7m. Page 16; Lex, Page 12.

COMMODORE INTERNATIONAL, U.S. home computer group, suffered a 94 per cent profits decline in the second quarter to \$3.2m. Page 13 U.S. STEEL turned round last year to net profits of \$493m, after a 1983 loss of \$1.1bn. Page 13

DEUTSCHE BP is closing two loss-making refineries in north Germany, with the loss of up to 1,000 jobs. Page 13

AKZO, Dutch chemicals group, raised profits by 75 per cent to a record Fi 750m (\$208.3m) last year. Sales were 10 per cent ahead at Fl 16.54bn. Page 13

# Lathière expected to leave in shake-up at Airbus

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

Thatcher faces

censure vote

over weak £

BY PETER RIDDELL AND PHILIP STEPHENS IN LONDON

and high rates

pean airliner manufacturing group, are likely within the next few

The consortium's two principal architects, M Bernard Lathiere, manager, are both leaving, Herr Franz Joseph Strauss, Bavarian Premier and chairman of the Air- 150-seat airliner last year, after bus Industrie supervisory board, in- several years of lobbying governdicated yesterday in Paris.

M Lathière, 56 in March, is ex-

second five-year term as president

MRS MARGARET THATCHER'S

Government faces a parliamentary

motion of censure for its "gross mis-

management of the British econo-

management of the Sylvanian my." The Conservative Prime Minister and Mr Nigel Lawson, Chan-

cellor of the Exchequer, were forced on to the defensive in the House of

Commons yesterday over the fur-ther sharp rise in UK interest rates

The opposition Labour Party's

censure motion, which will be de-bated tomorrow, is the first since

well before the 1983 general elec-

tion. The Labour leadership's deci-

sion to raise the political stakes by

calling such a debate reflects its be-lief that the party may be able to re-gain the political initiative after the

damage caused by the miners'

The motion follows a 2 percen-tage-point rise in British banks

base lending rates on Monday. UK

interest rates have been raised

three times in the last three weeks

and are now at their highest level

Sterling, meanwhile, registered small gains against other leading

currencies yesterday after Mon-

day's sharp rise in interest rates,

but shares suffered further heavy

losses on the London Stock Ex-

Trading in the pound remained

extremely nervous, however, ahead of a conclusive outcome to the Gen-

eva talks of the Organisation of Pe-

troleum Exporting Countries

(Opec). Sterling's rise was also lim-

ited by a further surge in the dol-

lar's value in late European trading.

Foreign exchange dealers said

the increase in UK interest rates

had discouraged renewed specula-

tion against sterling, but the out-

strike.

and the weakness of sterling.

TOP management changes at Air-bus Industrie, the four-nation Euro-pean airliner manufacturing group, sons.

M Beteille, 64, is expected to transport, before being appointed Directeur-Adjoint de l'Aviation Civ-ile in 1968. He ran the French part bus Industrie, the four-nation Euro- retire in the spring for medical rea-

M Lathière is understood to feel that, after 10 years as chief execu-tive, it is time for a change. He has worked at punishing pace, travelpresident and chief executive since ling worldwide in a fierce battle to 1975, and M Roger Beteille, executive vice-president and general his arch-rival, Boeing of the U.S.

M Lathière had a distinguished pected to go next month when his career in the French civil service, especially in public works and

Talks between Britain's Na-

tional Coal Board and the

National Union of Mine-workers ended with the

board expressing little opti-

mism that there would be a quick settlement to the pit

pects for oil prices became clearer.

say whether she intended to change

certainty that was still prejudicing

the pound and interest rates by ad-

the pound to float freely had been

into account in assessing the cor-

Sterling decline boosts UK ex-

port prospects; Lex, Page 12; London stock market report, Page 27; Money markets, Page 33

rect financial policy at the time."

are to settle down.

dispute. Page 7.

of the Concorde programme, and became head of Sud-Aviation (later

His most significant achievement ment service in another post, or has been the launching of the A-320 may take up a top post in industry.

Aérospatiale), before becoming president of Airbus in 1975. He is still Inspector-General of Finances in the French civil service. He may remain in the govern-

M Beteille was an engineer with Sud-Aviation and Aerospatiale before joining the newly created Airbus organisation in 1970. He has been in ill health for some time. A quieter personality than the ebullient M Lathière, M Beteille has been primarily responsible for knitting the multinational Airbus team together, and ensuring that the sales won by M Lathière were translated into aircraft leaving the production line on time and to spec-

To date, Airbus has won firm orders for 411 aircraft (A-300s, A-310s and A-320s) with commitments for another 43 aircraft, and a considerable additional number of options. Airbus is planning to raise its pro-

The shareholders of Airbus Industrie are Aérospatiale of France, and Deutsche Airbus (including Messerschmitt-Bölkow-Blohm), each with 37.9 per cent, British Aerospace with 20 per cent and Casa of Spain with 4.2 per cent. Fokker of the Netherlands and Belairbus of Belgium are associates, sharing in the work but having no financial

stake in the venture. The Airbus supervisory board will select replacements for M Lathière and M Beteille soon.

duction rate from three to four or more aircraft a month by 1986, to meet last year's big inflow of dethe four countries involved.

# Opec talks | Paris lifts petrol expected to produce agreement By Dominic Lawson in Geneva BY PAUL BETTS IN PARIS

MINISTERS of the Organisation of Petroleum Exporting Countries (Opec) began a further round of talks yesterday evening in Geneva, confident of reaching an agreement that would bring Nigeria back into the Opec pricing fold and also offer the Upper Pricing and Pricing Treaty of Rome. the UK an opportunity to realign its

oil prices with the Organisation's. Under proposals apparently sup-ported by 10 of the 13 Opec mem-ber-states, Nigeria will accept an of-ficial price for its Bonny Light crude of \$28.65, while Arabian Heavy would stay at \$26.50.

To complete the price differential package, the Opec marker crude Arabian Light would fall to between look remained uncertain until pros-\$27.90 and \$28 a barrel from its current level of \$29. Iran and Libya During yesterday's exchanges in the House of Commons, Mrs Thatcher and Mr Lawson faced a were maintaining great opposition to a cut in the marker last night, and ministers were considering strong and effective attack by Laseveral ways to avoid unnecessar bour. Mr Neil Kinnock, the Labour ructions over the issue. They may Party leader, said there was now "a ahandon the concept of a market crisis of confidence" as a result of crude altogether or adopt a "token government bungling of economic marker of \$29 that would refer to no actual crude stream. He challenged Mrs Thatcher to

This seemingly paradoxical poli-cy has been adopted by Opec once

the Government's policy in view of the failure of its recent moves. before, in 1980. The proposals represent the ske-Similarly, Mr Roy Hattersley, Laleton of a system that Opec minisbour's deputy leader and the Shadters desperately hope will end the ow Chancellor, said that Mr Lawchaos in official world oil prices son should remove some of the un-UK cut its official price from \$30 to \$28.65. The Nigerians responded by mitting that the policy of allowing cutting their prices by up to \$2, including a reduction in the price of abandoned. Labour believes the Government must concede that Bonny Light from \$30 to \$28. The Nigerians are now willing to

there has been a change of policy raise their official price to \$28.65. away from a free-market approach The figure is the last official price towards intervention if the markets agreed by the British National Oil Corporation. BNOC has yet to offer Mr Lawson argued that the Govsuppliers a price for January, alernment's policy was that "the sterthough it has sold all its January ling exchange rate is always taken and February crude oil entitlement on the spot market at an average price of about \$27. Opec's hope is that the UK will clutch at this olive Continued on Page 12

> Continued on Page 12 Oil companies return to Ecuador, Page 4; Commodities, Page 32

# price controls after court ruling

THE FRENCH Government lifted all controls on petrol prices last night after a ruling by the Euro-pean Court of Justice in Luxembourg that the existing French pricing system contravened the

The decision to lift price controls as from midnight is expected to intensify the already fierce discount war at French petrol pumps. Anti-cipating the Government's move, all the main French petrol retailers have started offering big discounts at many pumps in recent days.

French petrol prices have until now been fixed by a complicated formula that establishes a maximum price. Retailers are then allowed to offer discounts of as much as 18 centimes for four-star petrol

chain have challenged the regula-tions and offered illegal discounts lerc chain also took the issue to the areas distant from refineries. European Court, arguing that the Treaty of Rome.

The decision to lift petrol price distribution.

controls was welcomed by the big oil companies operating in France, which had been calling for complete liberalisation of prices in the face of the increasing competition from indecendent retailers.

that he expected to see the price of four-star petrol drop to FFr 5 a litre imports or measures with an equivlevel of between FFr 5.70 and FFr 5.84 a litre, The Government decided yester-

pears to reflect its preoccupation with freeing home fuel prices at a time of heavy consumption because of the cold winter spell. That would clearly have put upward pressur on home fuel prices.

M Pierre Bérégovoy, the Socialist Finance and Economy Minister said yesterday he favoured any move that helped to reduce prices He added that he supported the liberalisation of industrial prices as long as fair competition was guar

Under the new system, French of companies will simply have to submit their petrol price schedules to the Finance Ministry. However, the Government intends to introduce several safeguards to protect consumers from the risk of possible sharp increase in petrol prices.

Increases at petrol stations will have to be held down to a maximum and 17 centimes for lower grades.

However, independent retailers of between 5 per cent and 10 per led by the Leclerc supermarket cent of the average price of petrol in France. At the same time, the Government intends to hold down petof as much as 30 centimes. The Lec-rol prices in rural or mountain

The liberalisation of pump prices French formula contravened the in France is expected to lead to a further shake-up in French petrol

Paul Cheeseright in Brussels adds: The European Court of Justice did not contest the right of the mum petrol prices, but it said the ependent retailers.

M Michel Leclerc said last night the clause of the EEC treaty prohibiting quantitative restrictions on alent effect.

Short of defying the highest court in the EEC, the French Government day, however, to maintain controls on domestic fuel prices. That aport was left with no option but to scrap or change its system of controls.

Plan to cut surtax charge, Page 12

# **EEC** farm spending will exceed resources by \$1.4bn

By Quentin Peel in Brussels

THE COST of the European Community's Common Agricultural Polcy (CAP) will increase to Ecu 20bn (\$14bn) in the current financial year, despite current efforts at reform, EEC Foreign Ministers were

warned yesterday.

The figure is Ecu 2bn (\$1.4bn) more than the finance available and some Ecu 700m more than the budget estimate made by the European Commission last year.

In addition to that increase, EEC member states still have to find some way of financing the prom-ised Ecu 1bn reduction in Britain's budget contributions, supposed to be met during 1985.

The extent of the Community's budget plight was outlined to the Council of Ministers in Brussels by Mr Henning Christophersen, the former Danish Finance Minister

and present EEC Budget Commis-It means that member states will almost certainly have to be asked for another round of special pay-ments into the Community budget, despite widespread opposition to

such financing, particularly in Lon-

The Foreign Ministers yesterday failed to make much progress in disentangling their complex budget problems. Those include the lack of any proper budget for the current year - since the draft was rejected by the European Parliament; a need to finance the yawning deficit; and the need for an agreement on when to begin paying increased long-term contributions to Community fi-

Mr Christophersen warned them that the present ad hoc financing arrangement would begin to cause serious difficulties in parts of the farm budget - and for the EEC food aid programme - by April.

He said the ministers must agree on how to finance the inevitable deficit before the Commission could produce a new draft. Officials fear that it might be June before the whole budgetary process can be completed again.

However, the ministers yesterday failed to agree on ways of providing tioned the Commission's estimates of farm spending.

Sir Geoffrey Howe, the British Foreign Secretary, said: "We will look at every extra Ecu (in the budget) with the utmost care," an implicit warning of a renewed round of agonising budget pruning before the Ten can reach agreement

Continued on Page 12 Race to meet accession, Page 2

# Washington may block AT&T microchip venture in Spain

In September it presented a formal request to Madrid with a draft

agreement. The Spanish Cabinet

has discussed the agreement, and

Compania Telefonica Nacional de

BY DAVID WHITE IN MADRID

unless Washington secures an on the re-export of "dual-use" tech-agreement from Madrid on control-nology that might have military apling the re-export of material and technology to East bloc countries. Export from the U.S. of both equipment and knowhow for the projects has to be approved by the

Informed sources said yesterday there was a "reasonable possibility" that the U.S. would refuse the necsence of a U.S. agreement with

Spain does not belong to Cocom,

the co-ordinating committee of Western countries plus Japan,

Department of Commerce, whose verdict can be challenged by the sion before President Ronald Rea-Defence Department and put to an gan visits Spain in May. interagency review board. The U.S. wants re-export controls to be built into Spanish laws to reinforce its own legal powers over the U.S. companies that set up facilities essary export licences in the ab-sence of a U.S. agreement with AT&T signed a protocol agree-

A \$200m microchip-producing venture planned by American Telephone & Telegraph (AT&T) and other high-technology investment projects in Spain are in jeopardy pushed its case last June for a post of "dualous" technology and the design projects in Spain are regarded as "highly con the received of "dualous" technology. Both the product 1.75 micron line separation custom-made chips and the design software are regarded as "highly con the received of "dualous" technology. The issue also affects a planned plications in Communist countries.

\$20m fibre optics plant which the Spanish are negotiating with Corning Glass Works of the U.S. Both projects are key elements in an am-bitious electronics programme being supported by the Spanish Gov-Telefonica, a partner in both pro-

jects, said, however, that negotiations on the microchip plant were going ahead on schedule and that it hoped for a definitive agreement

The six-month delay in dealing ment last year to establish a microwith AT&T's export licence applicachip manufacturing base in Spain tion in the U.S. is not considered abin conjunction with the semi-state

Background, Page 2

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Editorial comment: market Technology: business uses reform; UK aid policy .... 10 for optical storage ...... 20 UK: breathing new life into London markets: investor

protection proposals ..... 26 Gibraltar: talks on future of Unlisted Securities Market:

# Only SAA fly non-stop to South Africa

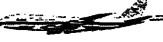
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# **EEC** sets new deadline for enlargement accord

SPAIN, PORTUGAL and the EEC next Council of Ministers meeting. member states are facing a hectic A Commission paper has been protimetable over the next two months mised for the end of next week. to complete negotiations on the en-

The latest rounds of abortive in the middle of the month. talks in Brussels foundered on the continuing differences both within the EEC and with the applicant states on agricultural trade, fisheries, and proposed restrictions on labour mobility affecting Portu-

guese workers. Sig Giulio Andreotti, Italy's Foreign Minister and president of the EEC Foreign Minister's Council, insisted, however, that all were agreed on the "absolute necessity" of completing the talks before the European summit meeting at the left for the ministers to decide,

end of March.

The European Commission and national officials based in Brussels how have just three weeks to pro-duce a Community consensus on for finalising the terms of Spanish the outstanding issues before the and Portuguese membership - by

Sig Andreotti said the ministers largements of the Community, after might decide to extend their Februthe failure of their foreign minis- ary meeting to three days in order ters this week to make any appreci- to make progress. He also suggestable progress on the outstanding is- ed an extra council meeting in early March, before the regular meeting

"With three such meetings it must be possible to reach a conclusion," he said.

"We have decided that negotiations both with Spain and Portugal must be completed before the end of the March European Council. It means a great effort is going to have to be made, but it is feasible."

Sir Geoffrey Howe, the British Foreign Secretary, said too much detail in the negotiations had been making it impossible to reach conclusions in the time available.

The ministers have already



Sig Giulio Andreotti the end of last September, and then by the end of last year. If they fail to agree all the out-

standing questions by the end of March, however, the 12 national parliaments are not expected to be able to ratify the accession treaties in time for enlargement to take place on January 1, 1986, the promised date.

FT COMMERCIAL LAW REPORT

# Government undervaluation to ICI rivals not an 'aid'

REGINA V ATTORNEY GENERAL EX PARTE ICI

Queen's Beach Division: Mr Justice Woolf: January 25 1985

statutory provisions created for the mouth was lifted. purpose of providing assistance to certain oil undertakings is not an "aid" requiring EEC approval if it results from an incorrect valuation of feedstock by the Revenue; but another undertaking will have the necessary standing to proceed against the Government in the UK if it can establish that the approach to valuation was wrong and affected its interests.

Mr Justice Woolf so held when giving judgment for Imperial Chemical Industries (ICI) on two issues, and for the Government on one issue, in ICTs application for judicial review seeking six declarations that the Government was acting or proposing to act unlawfully by enacting, or proposing to give effect to, section 134 and Schedule 18

of the Finance Act 1982. Article 92 of the European Economic Community (EEC) Treaty provides: "(1) Save as otherwise provided in this treaty, any aid granted by a member state...which...threatens to distort competition by favouring certain patible with the common market."

Article 93: "(1) The Commission shall... keep under constant review all systems of aid...(2) If the Commission finds that aid...is not comalter aid. If it considers that any cerned shall not put its proposed measures into effect until this procedure has resulted in a final de-

HIS LORDSHIP said that at Mossmorran on the Firth of Forth, Esso ing provided by Shell/Esso and BP was building a large ethylene plant which, when operational, would be to an independent company by in competition with ICTs facilities arms-length transactions. They at Wilton, and with BP's plant at Grangemouth. The costs of the venture were being shared between Es- ducer unable to take advantage of so and Shell, who would share the the new tax regime. output. There were no other UK

Ethylene was the raw material for a wide range of petrochemical products. It could be manufactured from various feedstocks. ICI at Wilton used naphtha, but it could also be manufactured using ethane. An ethane cracker required fewer furnaces than naptha, and had a natu-

For some years, the Western European ethylene market had been depressed and was still suffering from over-capacity. The problem would persist into the 1990s. ICI was naturally most concerned about the consequence of Mossmor-

ran coming on stream. Press reports made it clear that by 1981 Esso and Shell were not prepared to go on with the Mossmorran cracker without financial assistance from the Government. ICI feared that it would offer to sub-

sidise Mossmorran. In an attempt to prevent that, ICI had a series of meetings with the Government at the very highest level. It was of the view, however, that the discussions had not influenced the result It considered that Esso had received some form of assurance that a sufficiently low inter-affiliate transfer price level had been accepted for taxation purposes to make it worthwhile for the Mossmorran project to proceed. Also, it alleged that the Government had a similar understanding with BP so

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A FISCAL advantage arising out of that a threat of closure at Grange were not otherwise available to

The means by which the Government was proposing to fulfil its commitment to the oil companies was, so ICI contended, through section 134 of and Schedule 18 to the Finance Act 1982. It asserted that the Act required ethane used at Mossmorran and Grangemouth to be undervalued for petroleum revenue tax purposes. The undervaluing would result in less tax being paid, because the higher the value the larger the profit.

The Oil Taxation Act 1975 had in-Section 2 set out how the tax was to be computed, making a distinction between "arms-length" and non "arms-length" transactions.

One condition which must be satisfied to bring a transaction within the definition of "arms-length" in paragraph 1 of Schedule 3 to the Act was that the terms of the sale should not be affected by any commercial relationship between seller grant aid. and buyer, other than that created by the contract itself.

The market value under the Act have been sold to a willing buyer at the relevant time in a sale at armslength under certain conditions. Section 134 of the Finance Act

1982, which only applied to non patible with the common mar- arms-length contracts, contained ket ... it shall ... abolish or alter such alternative provisions for calculataid ... (3) The Commission shall be ing petroleum revenue tax. The taxinformed...of any plans to grant or payer could make an election the efalter aid. If it considers that any such plan is not compatible with the ethane was determined in accordcommon market...it shall...initiate ance with a formula specified in the the procedure provided for in para-election. The nature of the election graph 2. The member state con- which could be made was strictly controlled by Schedule 18 to the Act and the Inland Revenue was required to reject it unless certain criteria were satisfied.

The difficulty over valuation arose because feedstock was not beat Mossmorran and Grangemouth would be interfiliate transactions. ICI was the only UK ethylene pro-

In its application for judical review, ICI sought to establish that the Government, by enacting sec-tion 134 and Schedule 18, was proposing to act unlawfully. It contended inter alia that the Government's action contravened article 93(3) of the EEC treaty. The issues could be divided into three heads: Community law, domestic law and locus standi (right to be heard in

proceedings].

Community law. The question was whether the 1982 Act constitut-ed an "aid" under articles 92 and 93 of the treaty. Mr Alexander for ICI submitted that "aid" had a wider meaning than "subsidy", and included any form of assistance or advantage given by a member state to an undertaking, which would not be

available in the ordinary course. In Steenkolenmijnen [1961] ECR 119 the European Court said that "the concept of aid is wider than that of a subsidy because it embraces not only positive benefits... but also interventions which, in various forms, mitigate the charges which are normally included in the budget of an undertaking..." See also Italian Gov-

It was clear that a fiscal measure such as the 1982 Act could amount to an aid. Equally it was clear and was accepted by ICI that if legislation provided for a valuation which reflected the current arms-length valuation, such a provision would valuation on that basis did not confer any benefit and was in the "nor-

ernment v Commission [1974]

In practice the 1982 Act did give Shell/Esso and BP options which

those liable to petroleum revenue tax and which were introduced with a view to giving them assistance. However, that did not mean that the Act necessarily created an aid. So far as the supply of ethane for

petrochemical purposes was concerned, the 1982 method of valuation was much more likely to reflect what would happen if there were to be an arms-length transaction than the method under the 1975 Act. The assistance provided by the 1982 Act was therefore justifiable.

As was the case under the 1975 troduced petroleum revenue tax. Act, the 1982 Act required a proper valuation to be made and in the ordinary way that should not result in an unjustifiably low valuation. In-land Revenue officials would not deliberately abuse their powers in applying the legislation. If they accepted a price formula which produced too low a value, such misapplication would be made in good faith and without the intention to

If the Inland Revenue were to benefit the oil companies by adopting a wrong valuation, that could not be remedied by reliance on Article 93 (3) because no aid would b involved. However, had Article 93 been infringed in a manner which gave ICI rights under the directly applicable final sentence, it

would have had locus standi. Domestic law. ICTs primary contention was that the Inland Revenue was proposing to adopt a valuation of ethane for the purposes of the 1982 Act which was unreason-

The parties were agreed that because of the absence of comparable sales, it was necessary to take into account evidence of sales at armslength of methane and ethane for use as fuel.

It was agreed that an armslength price was the best price, which an unrelated seller could obtain from a willing buyer. On that approach, ICI's valuation was 26 pence per therm, while the Government's was 10 pence a therm if firm, and 7 pence if variable.

The Government's evidence was support for a 1982 price of approximately 10 pence a therm for a sale at arms length. It would be unreasonable for the Inland Revenue to adopt a valuation of 10 pence based on that part of its evidence. It was below the price which, for the relevant quantity of ethane and for the period under consideration, would attract other users. They would be prepared to pay at least 15 pence.

Locus standi. It was made clear in Inland Revenue\_Commissioners v National Federation of Self-employed [1982] AC 617, that normally one taxpayer was not entitled to seek judicial review in relation to another taxpayer's af- | • Work to provide a series of struc-

ICI did, however, have the necessary standing. The whole history of the negotiations between it and the Government before implementing of the 1982 Act underlined that both were well aware of the effect the special provisions could have on

Its interests related to the question of valuation under the Act, the very matter which it had succeeded in establishing was not properly considered by the Inland Revenue. If those interests were being adversely affected by a wrong approach to valuation, its only possi-ble remedy was judicial review.

For ICI: Robert Alexander QC. David Vaughan QC and Gerald Barling (VO White). For the Government: Samuel Stamler QC, Francis Jacobs QC and John Mummery (Treasury Solicitor).

By Rachel Davies

## WASHINGTON'S RIFT WITH MADRID OVER HI-TECH RE-EXPORTS W. Europe

# U.S. seeks to close Spanish door

THE U.S.'s anxiety over allowing high technology tadustries to set up in Spain stems from the fact that Spain is virtually alone in the Western world in being legally and technically able to re-export sensitive products to the Eastern bloc.

framework for joint efforts in space 1982 and which is due to hold technology until the end of the a referendum on membership next year is the only Nato country apart from Iceland not to At the top of the agenda will be belong to CoCom. the co-ordinatdiscussion on the part Western Euing committee of Western counrope should play in the U.S.'s project to build a manned space station

accords.

The gathering will also consider a set of proposals in satellite and rocket technology which would increase Western Europe's annual budget for co-operative projects in space by 70 per cent in the next five years from its current level of

by the early 1990s.

to discuss

projects

By Peter Marsh in London

MINISTERS from 11 West Euro-

pean nations meet in Rome today

and tomorrow to decide on the

joint space

This week's meeting is under the auspices of the 11-nation European Space Agency (ESA), a Paris-based co-ordinating body set up in 1975 which is in charge of Western Europe's joint space programmes.

The agency receives its funds di-

rectly from governments, with France, West Germany, Britain and Italy being the biggest paymasters. The cash is spent largely in West European industry and in ESA's three research centres in Holland. Italy and West Germany.

ESA officials will put before the gathering a series of ambitious proposals aimed at strengthening Western Europe's role in key areas of space technology. The officials want the ministers to ratify the broad thrusts of these projects though without committing the individual governments to specific sums of money. The proposals in-

 Joining the U.S. effort to build its manned space station. Western Europe's contribution would be a module called Columbus that plugs into the core of the U.S. orbiting base, to which President Reagan has committed \$8bn. The Columbus project, in which West Germany and Italy would play the leading role, would cost \$2bn until 1995. The mo dule would contain laboratories for work in zero gravity such as materi-als processing. Britain could play a supporting role in building a freeflying platform - to carry cameras for observation of the earth - that could be part of Columbus.

 Further development of the Ariane rocket on which Western Europe has already spent about \$750m over the past decade. France, which has led the Ariane project to date, would put up the lion's share of the \$2bn that the new project would cost. Under the proposals European engineers would build Ariane-5, a new, heavy duty form of the existing versions of the rocket. It would include a powerful cryogenic engine called HM-60 to give extra thrust.

 New efforts in telecommunications and earth-observation satel-lites. Under discussion will be plans to spend \$1.7bn and \$1.5bn on these two programmes. ESA would develop new forms of telecommunica-tions satellite - for instance those with their own computer processors so they could act as telephone exchanges in the sky capable of sending signals not only to ground stations but other satellites.

In observation satellites the agen cy wants to develop spacecraft with new sensors to take detailed pictures of the earth and oceans. The pictures can be used, for instance for studies of crop growth or to monitor fish breeding areas. An increased scientific pro-

gramme. ESA officials want approval for extra cash for astronom satellites and probes that would fly to remote parts of the solar system The programme would cost \$1.6bn over 10 years. The most exciting mission would be a remote controlled trip to the asteroids - a belt of planetary debris between Mars and Jupiter - which would return rock from the asteroids to Earth for analysis.

 Extra cash for technical work in low-gravity laboratories. The agency wants to spend about \$200m on experiments in, for example, biolog ical studies in space laboratories such as the European-built Spacelab. The latter is a big aluminium ca nister packed full of instruments that the U.S. space shuttle takes into orbit for up to 10 days at a time. So far it has made one flight, with three more due this year.

ture to support Columbus. In what ESA planners call the development of "in orbit infrastructure," the agency would spend \$1bn over 10 years on extending Columbus, for instance to ensure that it could stay in space independently of the U.S. space station.

Part of the cash could be spent on development of Hermes, a miniature version of the U.S. space shuttle which could carry people and materials between future space complexes and the ground. France, which has proposed Hermes, is eager to see an early start on the development. Other countries think that the project is not immediately essential and could push up overall costs unacceptably.

Hanging over the meeting will be the question of participation in the U.S. space station. Proponents of collaboration argue that if Western Europe fails to become involved, it could miss out in novel areas of technology that are bound to be important early in the next century.

UK space centre, Page 6

agreement. numerous instacnes of what it regards as dual-use technology reaching East-bloc countries via Spain since 1979. Between 10 and 12 Spanish companies are understood to be causing con-

Spain which joined Nato in blacklisted company Suin S.A. technology tries, including Japan, which in France and to have re-sold vets sales to eastern bloc countries. Most other Western countries have signed bilateral including Suin itself are subject to U.S. "denial orders." as are among Western European states not to be covered by either type

companies of the Barcelona-based Piher electronics group, involved several years ago in a deal to set up a semiconduct.

has recorded cern. Most are connected to the

Sum is alleged to have secured licences to import through a variety of subsidiary companies set up in Spain and in France and to have re-sold to U.S. "denial orders," as are companies of the Barcelona-

for use in consumer products, were rergarded at the time by the U.S. as "fairly sensitive. The company is understood to have been seeking its removal from the blacklist.

The U.S. is anxious to reinforce controls in order to main-tain a "qualitative edge" over the Soviet bloc in armament technology. The "dual-use" extended concept covers items which may product. have civilian applications in the West but which are con-sidered liable to have military applications in the East, where they can bring about short-cuts in research and development.

Both the kind of microchip planned in the AT & T venture and the optical fibres which

manufacturing plant in Cuba, could be made by Gorning Glass.

The semiconductors, estensibly are covered in CoCpin's agreed list of "sensitive" items.

Spain has in the past offered ad hoc guarentees on final des-tinations in specific instances, but the U.S. Insists on an overall agreement. At the centre of the argument is the question whether the authorisation requirement on re-sale of equip-ment and technology should be extended to sales of the end-

Spanish Foreign Ministry officials describe the U.S. concern as "exaggerated," arguing that genuinely military exports are closely controlled. The U.S. pressure is seen in some Spanish circles at an attempt to restrict Spain's commercial ties with Cuba.

# Vienna coalition crisis averted as Defence Minister keeps job

BY PATRICK BLUM IN VIENNA

DR FRED SINOWATZ, the Austrian Chancellor, temporarily defused the crisis that threatened the future of his Government by deciding yesterday to keep on Dr Friedhelm Frischenschlager, nis Defence Min-

Dr Frischenschlager has been at the centre of a row for his actions in greeting a convicted war criminal and former SS officer on his release from an Italian jail last week.

After a lengthy Cabinet meeting vesterday morning, a tired Dr Sinowatz said he was satisfied with Dr ischenschlager's explanations. The Defence Minister had apologised for his actions and would remain in his iob.

The previous day, Dr Norbert Steger, the Vice-Chancellor and leader of the small right-wing Freedom bring down the Government by resignation was no longer a question. Party colleagues if Dr Frischenschlager was forced to quit.

Dr Sinowatz read out a statement from Dr Frischenschlager, in which the Defence Minister admitted that he had made a serious error. "I am reception or military wel- he said.

He said he had acted on humanitarian grounds and reassured the face a no-confidence vote in Parlia-Chancellor that he was "guided in ment on Friday. Many socialists his political behaviour by the principles on which our democratic fence Minister's actions and the republic was founded."

In reply to a question suggesting that his hand had been forced by Dr Steger's threat to pull out of the Government, Dr Sinowatz said: "No, it was not the threat to leave that brought this about, but Dr very sorry for my false estimation Frischenschlager's statement." He of the situation, and I can only resaid that the Defence Minister had gret it before you, Herr Chancellor, done "an excellent job" and that the and the public," he said. "There was whole Government recognised the nothing further from my mind than excellent work done by the coalito give this the character of an offi-

However, the row is not yet over. The Government will now have to party could find that several of its Party, of which the Defence Minister is a member, had threatened to statement Dr Frischenschlager's ment or abstain.

# New phase for security talks

BY DAVID BROWN IN STOCKHOLM THE 35-NATION European Security Conference entered an important the conference had taken an important the co

tant new phase at the opening of its fifth session in Stockholm yesterday when the Soviet Union introduced a draft treaty on the non-use of military force: Detailed counter-proposals are expected from the Nato delegations as early as this week. The confer-

ence is now expected to break into

the first in-depth negotiations since

the talks began a year ago. Mr Oleg Grinevsky, the Soviet structions from Moscow "to reach an agreement in the very near future." He said the recent improvement in U.S.-Soviet relations has given an impetus to constructive

voy, reiterated strong Nato objections to many of the latest Soviet ideas, but sounded a more optimis-

begins this autumn, he said.

tant step away from polemics and signs of movement. The Soviets towards "the real pick-and-shovel continue to stress declaratory mea-It might be possible to begin first-use of nuclear weapons drafting a concluding document as early as the seventh session, which

The Security Conference has steadily gained momentum since

last December, when Nato and the Warsaw Pact broke an 11-month deadlock and agreed to set up "working committees" to consider various "confidence-building measures" aimed at reducing the risk of confidence-building

sures, such as a renunciation of the

The Western allies have refused to discuss a ban on the first use of nuclear weapons. However, Mr Goodby suggested that the princi-ple of non-use of force, which the U.S. has indicated it might be prepared to accept, "could apply to any kind of weapon."

surprise attack or war in Europe. which go "significantly beyond the Six proposals have now been 1975 Helsinki final act," the envoy tabled, including one from the nine stressed. These include earlier neutral and non-aligned states. Western proposals to expand ad-which played a key role in the for- vance notification and exchange of Mr James Goodby, the U.S. enmation of working groups. The coninformation on military moveroy, reiterated strong Nato objeccluding document will have to be ments, the mandatory presence of approved by all 35 participating observers and adequate means for

# W. German carmakers plead

for end to pollution confusion BY JOHN DAVIES IN FRANKFURT

THE WEST GERMAN car industry, which has seen a sharp
drop in domestic orders during
the last few months, has industry has seen no sign of appealed for an end to wrangrecovery.

The WEST GERMAN car inDomestic orders in December
were as much as 25 per cent
down on a year earlier, and the
industry soon, Herr Schoenbeck
said the position varied from
one company to another. "If THE WEST GERMAN car inling and confusion over tighter environmental rules.

Industry executives claim that uncertainty about the Bonn Government's plans for stricter emission controls has caused motorists to delay purchases of 400,000 cars, leading to a "log-jam" of pent-up demand. Herr Hans-Erdmann Schoenbeck, president of the Auto-

mobile Industry Association (VDA), said everything should e done to remove motorists' fear that they may suffer a handicap in future through buying an end to attempts to give uncertainty by agreeing a scale of vehicle tax to give incentives motorists "pangs of conscience" for use of "environmental pollution.

With motorists unguests.

With motorists unguests.

what car to buy, the West Gerdomestic orders in the last three persuade many and reader to controversy, but concedes that months of last year drop 20 per go along with West Germany's it was also due to lack of cent below the level a year ago, anti-pollution plans.

Questioned about union May and June.

The Government decided in

September to make tighter emission controls compulsory for new cars from 1989 (and for bigger cars from 1988), and to encourage earlier use of "environment-friendly" cars. The decision came after lengthy argument which forced Herr Friedrich Zimmermann, the Interior Minister, to abandon his original target date of

1986. There are still question marks over the issue.

The Government this month

Herr Zimmermann has also arranged talks this week with Sig Umberto Agnelli, the Fiat man car industry has seen its chief, as part of a campaign to of the setback on environmental domestic orders in the last three persuade Italy and France to controversy, but concedes that

one company to another. "If one factory sees the need to introduce short-time working because orders have fallen, that will spread like wildfire to all factories," he said.

Of the main manufacturers in West Germany, Daimler-

Benz is known to have been little affected by the latest industry setback, but the trend is being viewed with concern is being viewed with concern by other companies, including Volkswagen, Ford and Opel. Predictions for the West German car market this year show wide swings, with the industry seeing a market "potential" of 2.5m cars and a horror scenario of sales fall-ing 600,000 short of this. Car sales in West Germany fell 1.4 per cent to 2.39m last year. The industry blames most of the setback on environmental

# Friderichs faces tax charge

BY RUPERT CORNWELL IN BONN

the former Free Democrat from the giant industrial con-(FDP) Economics Minister and glomerate in return for helping chief executive of Dresdner Bank, is facing an extra charge of tax evasion, in connection with West Germany's illicit party political donations scan-

He thus joins his successor as Economics Minister and fellow FDP member, Count Otto Lambsdorff, in being accused the anger of the defence, in largest in West of tax evasion as well as being order to allow time for a desence, whenever the so-called "Flick affair." It was postponed, much to the Dreshqer Bather Bather

HERR HANS FRIDERICHS, is alleged that he took bribes with the bribery trial. authorise DM 800m (£228m) of tax breaks for Flick in the late 1970s and early 1980s.

That trial, in which the third defendant is Herr Eberhard von Brauchitsch, the former senior Flick executive, was to have begun here on January 10. But it was postponed, much to

No new date has been set for the court proceedings. But clearly, yesterday's development makes it still more likely that the trial will not get under way until late spring or early

Herr Friderichs, meanwhile, has already stepped aside tem-porarily as chief executive of the Dresdner Bank, the second largest in West Germany, to allow him to concentrate on his defence, whenever he finally

# Demand for death penalty at Polish trial

POLISH state prosecutor

A POLISH state prosecutor yesterday demanded the death penalty for one security policeman, and 25 years prison for three others, accused of murdering Fr Jerzy Popieluszko, the pro-Solidarity priest.

At the same time, however, Mr Leszek Pistrasinski launched an attack on the murdered priest in which has suggested that Fr Popieluszko's "extremism" towards government policy was comparable to that of the defendents and had led to the crime being comled to the crime being committed. •

His attack seems designed to warn the Roman Catholic Church that the Government will keep up its pressure on radical priests to tone down their activities and that the trial does not signify any liberalisation towards the

Former Ceptain Grzegorz Płotrowski, leader of the group accused of carrying out the murder, sat calmly throughout the more than four hours of the the more than four nours of the prosecution's speeches, his face at times flushing and then turning pale. The stress showed, too, as he clenched his fists when he heard the prosecutor, who had earlier called him a "cold and cruel criminal," demand that he

critic criminal, demand that no be executed.

Col Adam Pietruszka, Capt Piotrowski's immediate superior in the Interior Ministry who has demied inspiring the murder and then helping cover it up, listened impassively to the demand that he serve 25 years in prison. The prosecution

claimed the murder would have been impossible without i The two other defendants, former Lis Waldemar Chmielewski and Leszek Pekala, cantentwant and beared to hear that they had bean "duped" by Capt Piotrowski into going on the kidnap mission, but still deserved 25 years in fall.

The court has still to hear speeches by civil rights lawyers representing the Popiesiuszko family, who can be expected to react to the prosecutor's attacks on the dead priest and the church. Defence counsel and the defendants themselves also

the murder was premeditated and directed against the interest of the state and the policies of General Wojciech Jaruzelski, the Communist party leader, as General Creekw Kiszczak, the Interior Minister, Mr Pietrasinski said that no one had been found who might

one had been found who might have encouraged Col Pietruszka to help the alleged culprits but implied strongly that "the secret services of the capitalist countries" might have blackmailed Capt Piotrowski into plunging ahead with his "political provocation." He stressed, however, that no more senior meber of the Interior Ministry was involved.

In his 45-minute outburst against the church, Mr Pietrasinski claimed that Fr Popieluszko's "extremist activities gave birth to the extremism

Finns repeat record visible trade surplus

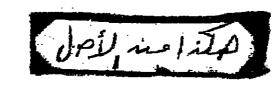
By Lance Keyworth in Helsinki FINLAND last year had a record visible trade surplus and

record visible trade surplus and a balanced current account. According to Mr Pekka. Vennamo, deputy Minister of Finance, "the economic trend will continue to be relatively favourable in 1985 also."

Last year's foreign trade surplus, the first for seven years, totalled FM8.23bn (£840m), due mostly to the 27 per cent growth of Wostern exports. Those to the East bloc fell by 13 per cent.

The forest products industry accounted for 37.9 per rem of the export total of FM8.92bn, the metal and engineering the export total of FASO.92bn, the metal and engineering sector 35.5 per cent, and the chemicals sector 19 per cent, and the chemicals sector 19 per cent. The Soviet Union kept its pince as the principal buyer of Finnish goods, followed by Sweden and Britain.

On the import side, the ranking order was the Soviet Union. West Germany, Sweden and Britain.



death

Denalh a

# South Africa curbs dollar dealing and bank lending

BY JIM JONES IN JOHANNESBURG

iced significantly tighter contion. The underlying intention is over foreign exchange of this is to restrict lending for oarkets and bank lending. Mr speculation in foreign exchange Rarend du Plessis, the Finance Munister, told Parliament in

The intention is to limit leads and lags by obligto limit leads and lags by obliging exporters to remit foreign
peculative trading which the
authorities have blamed for Africa within seven days.

Mr du Plessis told Parliament
that imports were falling
the country's gold mines,
The country's gold mines,
The country's gold mines,
The country are third control is a move
to limit leads and lags by obliging exporters to remit foreign
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The country's gold mines, which in 1984 produced 21.9m sunces of gold worth almost \$6.6bn, at current prices, are to be restricted in their foreign exchange activities by being paid half of their sales revenue in rand by the Reserve Bank.

The mines, which have to deliver all their gold to the Reserve Bank, were paid en-tirely in rand until February 1983 when, in a move aimed at broadening South Africa's foreign exchange market, the Reserve Bank began paying in dollars which had to be converted into rand within one week of receipt.

This allowed the mines to take advantage of short-term exchange rate fluctuations. Yesterday's change in the pay-Yesterday's change in the payment arrangements will give the Reserve Bank greater control over the flow of dollars, Mr du Plessis said.

In a parallel of close at \$0.49 cents.

South African Gold shares gave a positive response to the moves to protect the rand. Although widely expected by London dealers in South African issues, the moves excouraged in the control of the control

In a parallel move, the Reserve Bank's rediscount pro-Reserve Bank's recuseount pro-cedures have been tightened to restrict commercial bank lend-ing. In future commercial banks which only last week fell to its which exceed lending limits will

OUTH AFRICA has intro- Reserve Bank for accommoda-

markets.

The third control is a move

fail to contribute to a control of South Africa's balance of payments problems, the Govern-ment would not hesitate to introduce import surcharges.

The initial reaction of bankers and economists to the tighter controls was predictably mixed. It is widely felt that the moves will stabilise the rand exchange rate, but that this will be temporary unless accompanied by sterner moves to return the economy to an even keel by curtailing govern-ment spending, the rising infla-tion rate and money supply growth. In Johannesburg yesterday the rand rose more than two cents against the U.S. dollar to close at \$0.49 cents.

issues, the moves encouraged a good performance from gold mining stocks which made pro-

# which exceed lending limits will lowest level since November not be accommodated by the discount houses but will have to deal directly with the lowest level since November 1982, measured in sterling terms, rose 5.8 to 446.1. Lendon Steck Market, Page 27 **Attacks mount on Israelis**

as pullout draws near BY DAVID LENNON IN TEL AVIV

THE ISRAELI preparations for evacuation of military struc-the first stage of the with-drawal of its forces from from the port of Sidon and is the first stage of the with-drawal of its forces from Lebanon has moved into high gear accompanied by intensified guerrilla attacks on the occupation forces and their allies.

Israeli troops have been harassed as they hauled equipment southwards, with guerrilla

attacks reaching a peak of nine on Monday which left five Israell soldiers wounded.

There have been repeated rocket attacks on positions of the Israeli army and the Israeli-backed South Lebanon Army backed South Lebanon Army militia. In addition, the forces

completing the dismantling of its bunkers along the Awali and Zaharani Rivers, defence lines which will be abandoned by February 18.

After dismantling its posi-tions on the Awali River, Israel's front line in Lebanon, buildozers have been flattening

the area.
One worrying aspect for Tel Aviv of the recent intensification of guerrilla attacks on the Israeli forces is that most of them have been taking place in the southern areas of Lebabeen subjected to bomb attacks and land mines.

non which is only scheduled to be evacuated in the third, and According to Israeli officers, most of the attacks are being carried out by local Shi'ite Moslem groups, but they also noted that there has been increased and said they would discuss that there has been increased and said they would discuss that there has been increased and said they would discuss the said that the said they would discuss the said that the said they would discuss the said that the said th guerrilla activity by Palestinian guerrilla activity by Palestinian guerrilla activity by Palestinian drawal and his country's economic crisis, Reuter reports Israel has completed the Economic wees Page 15

Share prices fall sharply

Exchange fell sharply yesterday be a further tidal wave of as a new selling wave swamped the market for the second day selling.

Some of the sales were running in the wake of reports attributed to profit-taking foishares, David Lennon reports. This is the worst stock market fall since the massive crash in attribut 1983, and there are fears that shares.

THE PRICES of hundreds of when selling price limits come shares on the Tel Aviv Stock off many shares today there will

that one of the big traders had lowing a sharp rise in prices run into financial trouble and since the beginning of January, was being forced to dump his by as much as 30 per cent in many cases. However, much more of the selling was attributed to panic dumping

# Journalist's murder strains U.S.-Taiwan relations

WHO KILLED Henry Lau, of a top security agency. Chen and why? The question has been haunting Taiwan since the 52-year-old Chinese-American have more than 10,000 members lournalist, author, and possible intelligence operative was gunned down at his home in Daly City, California.

His killers were allegedly His killers were allegedly members of the Taiwan underworld who had connections with Taiwan security officers and disclosures in the case so far have severely strained Taiwan's relations with the U.S., its strongest supporter. Many fear the incident could halt U.S. weapons sales to the Island, as well as weaken American support in general. American support in general.

"Complete disclosure (of motives and the security con-nections) and visible reform of the security agencies is the only thing that will make this problem go away," said one observer. "It could turn into a total debacle if Taiwan tries to cover up.

Two underworld figures arrested during a nationwide crackdown on organised crime have confessed to the murder, but have also implicated officials

has done a lot of harm to the country."

Mr Chen implied that he murdered Mr Lin, who some years earlier had published a biography critical of Taiwan President Chiang Ching-Kuo, to curry favour in the hope of saving himself from arrest in the planned crackdown on organised crime.

Whether or not officials of the security agency knew of the

the security agency knew of the gang's plan to murder Mr Liu
—or whether they actually had a hand in the making of that plan, as some believe—is still unclear. Taiwan has arrested three officials, including the head of the bureau concerned,

head of the bureau concerned, but has not made public the charges against them.

Two agents of the American Federal Bureau of Investigation and a Daly City detective last weekend concluded a three-day discussion with the two civilian suspects, but did not meet the detained intelligence officials.

ment reforms praised

The U.S. officers made no statements on their findings.
The nature of Mr Liu's activitles prior to his murder is also unclear. The U.S. magazine Newsweek says that Mr Liu had been an FBI informant. Taiwan offered the American investiga-tors evidence that it said showed Mr Liu had acted as its agent during several trips to China. Other reports hinted he may have also spied on Taiwan for China.

Some speculate that if Mr Liu had indeed been an FBJ informant, he may have been feeding the Burau information on the expansion of Taiwanese gauga overseas, particularly in the U.S. If so, then the Bamboo Union the second Union's motive for killing him

have been preparing another book, in which revelations embarrassing or compromising for Taiwan Government officials, would have been published, would have been published. Thus, they see the security agency's hand in the plot.

Whatever the motive, the killing has tarnished Taiwan's reputation abroad, ironically at a time when reforms throughout the Government were drawing praise from other nations.

Changes in regulations and laws covering counterfeiting, accounting practices, and corporate financial disclosures have recently either been put on the books or are being processed. A new Cabinet, inaugurated last summer, was generally regarded as capable and reform-minded,

Liberalisation of the tariff structure and an ending of certain import restrictions had been set as a top priority for the next two years. The Opposition Press, long beset by arbitrary censorship and confiscation of offending issues, had over past months been especially vocal in its criticisms, with few reprisals.

Stephen Solarz has announced he plans hearings to determine whether the murder was "part of a consistent pattern of intimidation and harassment of persons abroad."

If Congress were to conclude that such a pattern exists, it would mean an automatic ending of U.S. arms sales to Taiwan under American law and, by

few reprisals.

Juion's motive for killing him few reprisals.

Mr Liu's murder may have extension, a perceptible lessensiave been preparing another long-planned crackdown on nation, which china has organised crime. To date, that regarded for decades as an organised crime.

crackdown has netted over 1,000 suspects, many of them major underworld figures.

The growing power of the gangs, reflected in the increasing number of violent crimes and the use of handguns, forced the Government to make the Government to make the covernment to make the cov

and the use of handguns, forced the Government to move. It is now said to be planning a second phase under which police officers suspected of corruption or abuse of power, would be arrested.

The murder has obscured much of this progress internationally, despite directives and pursued the case to the fullest extent possible, it could be seen by the media as a sign of increasing democracy here, and an indication that liberalisation will come faster," said one observer.

# China rules out end to Soviet rift

By Mark Baker in Peking

CHINA has ruled out the possibility of an early end to its 20-year split with the Soviet Communist Party.

Despite the success of a fence-mending visit to Peking last month by Mr Ivan Arkhipov, the deputy Soviet prime minister, an official of the Chinese Communist Party said bluntly today that restoration of inter-party relations was not under conrelations was not under con-

sideration. "The question of the relations between our two parties is not under consideration now," said Wu Xintang, spokesman for the Inter-national Liaison Department

of the Chinese party. Wu also spurned Soviet-backed proposals for a world congress of Communist

He said such a conference -plans for which have been promoted recently by both Czechoslovakia and the Soviet Union—would only damage relations between Communist states and would not assist world peace.

"The Communist Party of China has always stood and still stands for free exchanges of views on issues of co concern among Communists of the world on the basis of independence, complete equality, mutual respect and non-interference in each others internal affairs," he

Wn's remarks are the firm-est indication from the Chinese side in recent years of the continuing rift in rela-tions with the Soviet party. Party relations were severed in the early 1960s when China and the Soviet Union fell out over a series

of bitter ideological and territorial disputes.

Relations between the two governments have improved significantly recently. Mr Arkhipov was the most senior Soviet official to tour China since the split and Li Peng, the Chinese vice premier, is expected to go to Moscow in April to sign a four-year trade agreement.

# Nakasone set to boost defence

BY JUREK MARTIN IN TOKYO

IT HAS become increasingly apparent this week that Mr Yasuhiro Nakasone, the Japa-nese Prime Minister, has decided to allow defence spending to exceed 1 per cent of the Japanese gross national product.
This is the almost universal interpretation of his response to questions over the past two days during the parliamentary

mit himself formally to abanmes economy continues to grow
doning the guideline laid down at an unforeseen rate, even a
by the Miki Cabinet in 1976, modest pay raise would bring
which pledged to kep defence the defence budget over 1 per spending below the 1 per cent cent of GNP.

ceiling "for the time being."
But he did say that a change in the ceiling would be a matter for consideration by the Cabinet and the National Defence Council, a remark broadly seen as indicating his willingness so to

not occur until the summer, when the National Personnel The Prime Minister, typically, mendations on the next military did not in so many words compay increase. Unless the Japemodest pay raise would bring the defence budget over 1 per

Government officials, though not opposition political parties, have long contended that serious debate on Japan's defence posture has bene hamstrung by its concentration on numbers. Mr Nakasone, who, by political standards, si some-On a technicality, this may has long wanted to break these

> But officials also concede that in this instance it has been the absence of much pressure from the U.S. for a greater Japanese military effort that has made easier selling the proposition to the Japanese political audience. March.

# Lange sticks to N-ship ban

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S Prime Minister David Lange is adamant his country will stick ward some options on the visit in an effort to accommodate to its ban on nuclear ships or weapons—despite increasing pressure on his Government and what can almost be described what can almost be described as mounting hysteria in the

Australian media.

"We will not buckle under Mr Bob Hawke, the Australian pressure. As long as I am Prime Minister, Mr Lange has Prime Minister there will be no also received a personal letter nuclear weapons in New Zealand," he said.

Washington has now put forshort of agreeing to reveal whether any particular ship is nuclear armed.

In addition to a letter from

from Mr George Shultz, U.S. Secretary of State. Mr Lange However there are continuing confirms that Mr Shultz took a efforts to find a way out of what much firmer line and repeated appears to be an increasing the need for American warships impasse over the American reto have access to New Zealand quest to send a warship in ports as part of the Anzus de-

# Tootal OSMAN SYLKO Detail

Saysil As Slimma Echelon







National & Provincial Building Society

# **Notice to Existing and Prospective** Investors and Borrowers.

Notice to Investors

Light High

the state of the s

National & Provincial Building Society hereby gives notice that the rates of interest paid in all departments (except the Save As You Earn scheme) will be increased by 0.75% p.a. with effect from 1st February 1985. Notice to Existing and

Prospective Borrowers National & Provincial Building Society hereby gives notice that the rates of interest applicable to existing annual rest mortgage accounts and outstanding offers of advance are to be increased by 1% with effect from 1st February 1985.

Wherea mortgage deed specifies a period of notice before an increase in the rate of interest applicable to it is effective, such a period will commence on 1st February 1985.

Where a period of notice given to effect a previous change in the rate of interest has not yet expired, that change will take effect from the expiry of that period of notice and remain applicable until the expiry of the notice hereby

For the purposes of this notice an outstanding offer of advance means an offer of advance or further advance dated prior to 31st January 1985.

The new rate of interest and revised repayment figure applicable to an existing mortgage and all outstanding offers completed on or before 31st January 1985 will be notified in each borrower's annual statement of account which will be sent during January 1986.

Where an outstanding offer of advance has not been taken up before 31st January 1985 the new rate of interest and revised repayment figure will be quoted in the statement sent to each borrower after completion.

Prospective borrowers requiring information relating to the effect of this notice prior to completion should contact the branch of the Society which issued the offer of advance or the Society's Administration Centre.

# National Provincial Everyone's local building society

Asseta over £4200m.

Provincial House, Bradford, W. Yorks. BDI INL.

You know Tootal. But do you know the names behind our name? In the manufacture of thread, Tootal is a world leader.

Every hour we produce enough to circle the world. Names like Sylko and Sylko Supreme are household names. So are industrial market leaders like Polyfil and Astra. You may know Tootal as the shirt that looks even

better on a man. And the reversible skirt for the lady who knows fashion inside out. Slimma, who make a whole range of clothes for

Marks & Spencer are part of the Tootal Group. So are Osman bedfashions and furnishings. Stiebel nets and Lantor Nonwovens.

The Tootal name itself means quality in many fields. The other names in our Group add up to quality in even



Our names add up to strength

If you would like to know more about us, write to the Secretary for a copy of our current Report & Accounts, Tootal Group plc, Tootal House, 19/21 Spring Gardens, Manchester M60 2TL,

Revised forecast

shows fall in U.S.

interest rates in 1986.

(£9bn) in 1986.

The budget message which President Ronald Reagan will

send to Congress at the begin-

ning of next week is expected to project a deficit for 1986 of about \$178bn on the at present, optimistic assumption

Full details of the revised economic assumptions have yet to be disclosed, but officials con-firm that for 1985, for example,

the budget will assume that in-fiation as measured by the Gross National Product deflator

will be 4.3 per cent rather than the 4.7 per cent assumed a few

Although the 5 per cent level

of interest rates on three-month Treasury bills assumed for 1989 will be maintained, much

of the decline to this level will be projected to take place

The Administration has been

forecasting a three-month in-terest rate of 8.1 per cent in 1986. The assumed 4 per cent real growth rate for Gross National Product between 1985

and 1988, which has been a con-stant feature of Administration

budget projections over the past year, is not expected to be changed.

In revising the economic fore-

casts officials will be able to point to a number of factors to support their assumptions. These include the decline of over three percentage points in

Lower inflation

weeks ago.

SENATOR JOHN MELCHER, emergency assistance to credit-year, the Secretary has been floor in grain trading. a Montana Democrat, has called an emergency public hearing today on Capitol Hill to focus attention on the turnoil in the U.S. farm belt, where thousands of American farmers are banks are in deep trouble.

"There is a horrendous sense of frustration by farmers that no one is listening to them," said Mr David Volght, a Melcher

Farmers and bankers will be called to testify on the need for

probes police

**New York** 

'brutality'

completely vindicate."

detailed refutation of every

The probe by the city, ordered by Mayor Ed Koch, will

be conducted by a special legal counsel with full powers of

subpoena. The counsel will be able to draw on the services of

two pathologists from outside the Medical Examiner's Office.

Many of the people who have died in custody have come from minority groups, which have

been growing increasingly voci-ferous in their accusations of

gained backing from lawyers, who have strongly and publicly

complaints

police bias.

starved producers.

Mr John Block, U.S. Agriculture Secretary, was expected to to brief the President on the coming crisis at a cabinet meeting yesterday, although the Secexpected to be bankrupt in the spring and hundreds of farm banks are in deep trouble.

Tetary's aides warned that he spring and hundreds of farm would present "no big plan" because "Uncle Sam isn't the

"Everybody, the banks in-cluded, is going to have to take some of the responsibility," said one Block assistant.

With the current farm programme due for renewal this

preparing proposals for a new Farm Bill, which would make

deep cuts in farm speding. Most analysts say that the end will come for the most financially strapped farmers—those Mr Block says have "failed to make good decisions"—before the ink is dry on the new legisla-

Protests of all kinds have been erupting in this bitterly cold winter of farmer despair. Last week, the American Agriculture Movement picketed the Chilcago Commodity Exchanges.

in a futile effort to seek a price

In Minnesota, thousands of marched on the state capital emanding a sate moratorium on the 13,000 farm foreclosures expected in the next 18 months. In Iowa, where as many as 17,000 farmers may go under by late spring and 48 banks are on the Federal Deposit Insurance Corporation "problem list," hundreds of demonstrators held a silent protest during the governor's state of the state

In Washington, the Adminis-

support from farmers in the last election, is under increased pressure to act. Numerous farm group representatives have written to Mr Reagan to protest forthcoming proposals in his farm legislation, even before it

is officially introduced. The National Association of Wheat Growers concluded its annual convention last week opposing almost all the coming proposals and calling for "the Government to take responsi-bility for restoring an environ ment in which the agricultural

# industry can prosper.

# Oil companies return to Ecuador BY SARITA KENDALL IN QUITO

THE RETURN of foreign oil companies to Ecuador, confident that further exploration will prove fruitful, is a major event THE CITY and the state of New York have ordered for a country which depends on oil for nearly 70 per cent of its export earnings.

separate investigations into allegations of a systematic medical cover up of police brutality in the city. Occidental signed a new exploration contract last week and another contract with Esso/Hispanoil is expected next The moves follow a series of articles in the New York Times claiming that Dr Elliott M. month. Belco is to sign up for the exploration of two offshore Gross, the Chief Medical Exareas in March.

aminer of New York City, has produced misleading or in-accurate autopsy reports on people who died in police The Government plans to offer four to six blocks for bids by foreign companies each year, with the first four to be announced on February 15. Two Dr Gross has refused to step of these lie in the Amazon region—the source of most of aside during the investigations, saying that he expects to be Ecuador's current oil production—and several companies In a four-page statement, he have already expressed interest

accused the newspaper of em-barking "on a campaign of character assassination," and said that he would publish a This burst of exploration activity belies gloomy forecasts that Ecuador, a member of the Organisation Exporting Countries (Opec) would have little crude available for export by the end of the

Both oil production and export volumes have been running at record levels recently, with output at 270,000 barrels The second investigation will be conducted by the state's Health Commissioner and Criminal Justice Co-ordinator. a day (b/d) well above Ecuador's official Opec quota of 183,000 b/d. Ecuador announced 183,000 b/d. Echador announced recently that it would disregard Opec rulings on price and output for the indefinite future.

Recent crude sales have dropped well below the official price level of \$27.50 a barrel; but even so, three companies have stooped huving and the have stopped buying and the payment period for other contracts has been extended to 150 days. The price may have to be revised again in Februcriticised Dr Gross's conduct, claiming that he has accommo-

U.S. 5 bn 1.8 **Ecuador's Economy** Crude Petroleum Exports [

brought in about \$1.6bn, conbrought in about \$1.6bn, contributing to a healthy trade seats in Congress, could easily
surplus of over \$1bn. Following be upset. Opposition parties
agreement to reschedule \$4.3bn supported a two-day general
of foreign debt over 12 years. strike call recently by the Ecuador's debt servicing load has been lightened considerably, to under 30 per cent of export income.

International reserves have also risen slightly and predic-tions that the free market rate for the currency would reach 150 sucres to the U.S. dollar by the beginning of 1985 proved groundless. The central bank free rate is 95 to the dollar. A 1984 growth rate of more than 2 per cent has also helped to fuel optimism about the future in Government and business

But there are doubts about the political stability of the country. The precarious politi- exploitation in fut cal arrangement between the dental's Amazon

Last year's oil exports Government and the Opposition, brought in about \$1.6bn, con-which holds the majority of

unions in response to petrol price increases, and they favour

a minimum wage increase of at least double the current infla-Despite political uncertainties, foreign investors seem to be responding to the Govern-ment's attempts to woo them. Commercial missions from the U.S., West Germany and the UK are planned in the next few months, with mining, agroindustry and low-cost housing the main areas of interest, in addition to oil.

There are expected to be fewer delays in awarding contracts for exploration and exploitation in future. Occi-dental's Amazon block is

expected to produce some 30,000 b/d, and it is hoped production will start just as output from the older Amazon fields worked by Texaco and the state oil corporation, Cepe,

begins to fall off.
A connection to the Transandean pipeline in Peru will be needed, and the capacity of the pipeline itself is being raised to 300,000 b/d. Further dis-coveries in the Amazon region — for example, by Esso/ Hispanoil, which will be ex-ploring a "frontier" area — would mean the construction of another pipeline across the

Apart from the exploration offensive and additions to pro-duction from secondary recovery programmes, Ecua-dor's oil outlook has been enormously improved by changes in local consumption patterns. Demand for oil pro-ducts rose by more than 10 per cent a year not long ago, and has now dropped right back to

a rise of 1 or 2 per cent a year. The ban on car imports, and fuel price increases has helped, tuel price increases has helped,
but the crucial factor has been
the change to hydroelectric
power. One scheme alone
— Paute A/B — raised the
contribution of water-generated
power from 20 per cent to
nearly 50 per cent of total

As a result, crude exports can now be maintained at over 150,000 b/d for the foreseeable future; this year average daily exports are forecast at 170,000 b/d. In the longer term, the exploration programme should add new reserves, and although price levels are less than satis-factory from Ecuador's point of

# U.S. to use tanks in Honduran exercise

By Reginald Dale, U.S. Editor in Washington

THE U.S. is to start another big military exercise in Hon-duras next month that will for the first time include anti-tank training near the Nicaraguan border.

Big Pine 3 is the fourth

large U.S.-Honduran exercise in two years, but the first in which U.S. armour will be involved. The Pentagon said an un-

The Pentagon said an undisclosed number of M60 tanks and M113 armoured personnel carriers would be flown to Honduras for an "anti-armour field training exercise "in April.

Honduran military officials have said the exercise will take place only a few miles north of the Nicaraguan border.

border. While the Reagan Administration has vigorously denied Nicaraguan claims that the

manouvres are intend to pre-pare for a full-scale invasion of Nicaragua.
The Pentagon says that they should "remind" the Sandinista Government not to

harbour "any designs on their neighbours." their neighbours."

Big Pine 3 will last about three mouths, starting in early February, and involve the deployment of as many as 4,500 U.S. troops in Honduras, About 1,500 U.S. military personnel are usually stationed in Honduras between the manoeuvres, which have been taking place almost continuously for the past two or

three years.
Mr Caspar Weinberger, U.S.
Defence Secretary, said yesterday that he envisaged joint
U.S.-Honduran military exercises continuing
U.S. officials insist that the

exercises are not intended to help the Nicaraguan "Centra" anti-government rebels, although part of the Big Pine 3 manoeuvres are expected to "Contras" operate bases in In Washington, the hWite House said it still planned to

press Congress to lift its ban on U.S. aid to the "Contras" in the coming weeks.
It did not, however, the door to the possibility of finding new ways to help the rebels, other than the "covert" funds that have been channelled through the

Central Intelligence Agency.

interest rates BY STEWART FLEMING IN WASHINGTON THE REAGAN Administration have led some private econo-is revising its economic fore-mists to project inflation in 1985 could be lower than the 3.7 per cent recorded last year, and evidence that the economy is recovering from the pause in growth in the second hair of 1984. levels of inflation and lower

Although the reduction in the inflation forecast will have no significant impact on the outlook for the budget deficit, the lowering of the interest rate projection is estimated to save the Government about \$10bn

On Capitol Hill Senator Robert Dole, the Senate Majority Leader, is said to be in danger of falling in his efforts to draw up a package of budget cutting measures for presentation later this week.

Senator Dole was expected to

that congress will approve the cuts in federal spending of about \$51bn which President Reagan will propose. pressure from Congress to con-cede significant cuts in defence spending

Mr Weinberger has already taken the unusual step of trying to appeal to the country over the head of Congress in an hour-long television session with the national Cable News

which was devoted to an address by Mr Weinberger, the other half to a question and answer session, Mr Weinberger defended the Pentagon's proposed \$313.7bn budget for 1986. He said that defence spend

# **WORLD TRADE NEWS**

# Hyundai opens U.S. office to spearhead foreign sales drive

headquarters in the U.S. It plans to sell its cars, including an as-yet unannounced front wheel drive hatchback, in the u.S., but the company and it expected the car would wheel drive hatchback, in the wheel drive hatchback, in the easily meet the tough U.S. American market before early standards.

The move marks an important step in South Korea's drive the American sales arm of to become a major car exporter. Toyota, the Japanese company.

Hyundai will be the first Mr Max Jamieson, a former Hyundai will be the first to enter the U.S. market, although General Motors has a joint venture with Daewoo Corporation under which Dae-woo-produced cars will be marketed in the U.S. under a GM badge from 1987 onwards.

The company expects to recruit a nationwide sales staff of 300, concentrating its sales first on the east and west coasts of the U.S. A network of Hyundai's front-wheel drive car will include a basic model priced betwen \$5,000 (£4,500)

and \$6,000. The company expects to sell priced, rear-wheel drive car, between 100,000 and 120,000 the Pony, into the Canadian units in the first 12 months of market last year and it was an

signed a Y75bn (£263m) con-

40,000 trucks of two to nine tonnes capacity to China over

two years starting in April this

nology to manufacture trucks tion said.

Isuzu signs Y75bn deal

ISUZU MOTORS of Japan, of 1.5 to 3.5 tonnes capacity which is 34 per cent owned by over seven years, also starting General Motors of the U.S., has this April.

signed a Y75bn (£263m) con-tract to sell trucks and truck agreement, Isuzu will initially

manufacturing technology to
China Automotive Industry
Corporation, Reuter reports
from Tokyo.

The components of the first technology for making components will be supplied, allowing China to produce

It will export licensed tech- mobile Manufacturers' Associa-

**Intellectual property probe** 

THE OFFICE of the U.S. special study will cover foreign treat-

Trade Representative has launched a study on the extent to which U.S. commercial interests are being harmed by inadequate foreign protection only a catalogue of the intellection.

of U.S. intellectual property tual property-related trade

rights. AP-DJ reports from barriers it has identified, but

Vashington.
Scheduled for submission to eliminate them. Moreover, if

the Senate Finance Committee and the House of Representatives Ways and Means Committees by October 19, 1985, the deliminate them. Moreover, if no such actions are in progress. the Administration must explain the reasons for its inaction.

The company said it will ship trucks itself, Isuzu said.

to sell trucks to China

HYUNDAI Motor Corporation Hyundai plans to be producing yesterday announced the opening of a sales and marketing units a year.

Hyundai has recruited some

of its U.S. executive staff from Toyota executive, will head the Ryundai operation.

The company expects to recruit a nationwide sales staff of the U.S. A network of dealerships will be established shortly.

sales in the U.S.

The "X" car will be introduced in the Korean market in March. By November, initial expectations.

Japan exported 56,870 vehi-cles, including 30,068 trucks to

China between January and November 1984, the Japan Auto-

also what steps are being taken

# **Taiwan** revives N-plant project By Ian Rodger

TAIWAN POWER is reviving a \$4.5bn (£4bn) nuclear power plant project that was abandoned over two years ago because of gloomy electricity demand forecasts. New tenders have been sub-

mitted by General Electric, Westinghouse Electric and Combustion Engineering, of the U.S., and Northern Engineering Industries (NEI) of Britain for parts of the Yenliao project, which is based on the pressurised water reactor (PWR) tech-

In May, 1982, NEI Parsons received a letter of intent for an £80m contract to supply two 1,000 megawatt turbine generators for the station, beating GE, Brown Boveri of Hyundai introduced a lowswitzerland and Hitachi and Mitsubishi of Japan. However, the letter was withdrawn two months later when Taipower decided to postpone the project indeficiely.

postpone indefinitely. Yesterday, Taipower said the project had been given the go-ahead by the country's Council for Economic Plan-ning and Development and was awaiting approval.

# Hydrocarbons search begins

By Boonsong K'thana in Bangkok BP, BRITOIL, the Royal Dutch/Shell groups and Forman Petroleum, an American company, yesterday received final approvals from the Thai Cabinet for the rights to explore for and produce hydrocarbons in the country's onshore and off-

snore areas.

Thai Shell Exploration and Production, a Thai unit of Shell, will be given a 10,490 sq km block, B6/27, in the Gulf of Thailand. BP Petroleum Development

has got rights in a 9,993 sq km onshore tract in the central province of Ayutthaya. Britoil Public will be given a 5.597 sq km block in Bang-

Forman Petroleum of Lou-isiana is chosen for a 8,420 sq km onshore acreage lying between the central plains provinces of Kamphaeng Phet and Ayutthaya.

# U.S., Japan launch trade studies

agreed to pursue separate petitive U.S. goods embraced by trade last year was more the studies on four market areas the four market areas were result of the high U.S. dollar in which the U.S. claims Japan undermining President Reagan's and insufficient effort by unfairly discriminates against attempts to keep a lid on pro-U.S. goods and services.

up immediately here with assorted Japanese trade officials from both countries barriers, mostly on the nondiscussing trade in telecom-

the Foreign Ministry between senior officials; the U.S. delegation was led by Mr Allen Wallis, the undersecretary of state for economic affairs.

It would appear that the meeting was very much tactical in nature. The U.S. enjoyed some success last year in kind, with Mr Reiji Teshima, the Deputy Foreign Minister, on specific areas and seems maintaining that the estimated intent on pursuing a similar Wallis, the undersecretary of state for economic affairs.

Mr Wallis claimed that

trade tariff side, were costing the U.S. munications equipment. Other as much as \$10bm (£9ba) a year groups will convene next month in exports to Japan. In the on pharmaceuticals, computers four market areas, U.S. products and electronics, and forest were fully competitive "in terms of price, quality, reliability and technological excellence." result of two days of talks at He singled out telecommunica-the Foreign Ministry between tions equipment as perhaps the senior officials; the U.S. dele-gation was led by Mr Allen

Japan, however, countered in

American companies in selling

Mr Teshima reportedly said that sectoral concessions by Japan were unlikely to make much of a dent in the deficit. Nor would be concede that the relaxation of any barriers in the four designated market areas would necessarily form the major part of the next liberal-isation package, due to be completed by the end of March. It would appear that the

approach this time around.

try (Miti), which would have reduced the copyright pro-tection enjoyed by computer software authors, withdrawn from the parliamentary sched-However, not all the identified

sectors will necessarily respond in this way. Mr Teshima told the U.S. delegation, for example, that it was "not possible" for Japan to make any major concessions on forest products because of forest products because of fear of damage to the domestic lumber

# Nancy Dunne reports on the negotiations for import quota accords

## Washington faces hard slog in steel talks MORE THAN one month ago

U.S. trade officials announced with great enthusiasm the 'successful conclusion' negotiations for voluntary import restraints by seven of the biggest suppliers of foreign steel to the American market. Although industry officials express satisfaction with the progress of the negotiations. trade officials still appear to be weeks, if not months, away from nailing down actual settlements with any of the importers.

Under President Reagan's programme for assisting the domestic steel industry to "level the playing field in steel trade," U.S. trade officials were given 90 days last September to seek negotiated voluntary quota agreements. Faced with this mammoth task, they returned in seven nations originally speci-92 days claiming agreements on fied) which gets 0.224 per cent "basics" and a handful of loose ends still to be resolved.

To date, what the U.S. has in formal commitments, as it strives to limit foreign penetra-tion to about 20 per cent of the The agreement with the com-munity was first negotiated in

Since the December 19 announcement, final arrange be made with five or the biggest ments have been concluded offenders. Japan, Korea, Brazil, without Finland (not among the Mexico and Argentina—and imports. These cases have been



of the U.S. market; Australia, which gets 0.18 per cent, South Africa with 0.42 per cent and Spain with 0.67 per cent.

Canadian stell penetration is market, are agreements with but "because of the unique only four nations whose collector nature of the integration" tive imports will total less than between U.S. and Canadian steel 1.5 per cent, and a renewed production, Administration offi-pact with the EEC limiting its class decided to forego demandmarket share to 5.4 per cent. ing a voluntary arrangement with its northern neighbour.

U.S. trade officials have still to make final arrangements to be made with five or the biggest

fraught with complication.

The Japanese, for example, have agreed to limit their market share to 5.8 per cent, but they have not yet promised to avide by an arrangement for five years. Initially, they offered a one-year pact and rejected the U.S. argument that they had failed to open their markets sufficiently to the Koreans, who were, therefore, diverting ship-ments to the U.S.

The last talks between the two parties were reported to have gone well but no final agreement seems imminent. The next round of negotiations is scheduled for mid-February. Three rounds of formal dis-

cussions have been held with the Brazilian and "communica-tions" are sald to be continuing. However, squabbling has broken out over both the text of the proposed pact and the quotas for individual products.

The domestic steel industry, while not involved in negotiations, is playing a vital leveragsomewhat les than 3 per cent, ing role in the talks. All pacts but "because of the unique are referred to the companies which have filed unfair trade cases with the U.S. Commerce Department or the International Trade Commission. Thus far, eight cases have been dropped against those countries which concluded final pacts,

Argentina appeared at the bargaining table in a truly voiuntary spirit, as a result several trade cases against its authority to unilaterally impose

postponed pending the conclu-sion of the negotiations.

The industry is, meanwhile, rne industry is, meanwhile, keping a close eye on new competition—particularly from eastern Europe—which might try to fill any void resulting from the quotas. U.S. Steel last month filed unfair trade cases against Czechoslovakia. East Germany Hungayer Baland Germany, Hungary, Poland, Romania, Austria, Sweden and

In the tough talks ahead, U.S. trade negotiators are wield-ing carrots where they can some importers have been pro-mised an end to countervailing mised an end to countervaling duties imposed under previous unfair trade cases. Brazilian officials, contemplating the promised absence of the expensive duties they are now paying, say their steel will be more competitive than ever.

Congress, too, is keeping its hand in. One bill recently introduced would let steel companies bypass the ITC and Commerce Department to seek damages in federal courts against foreign dumpers.

Another, introduced by Senator John Heinz of Pennsylvania, directs Mr Bill Brock, the U.S. Trade Representative to set sub-limits on 27 categories of steel products in negotiations with Japan, in order to protect against diversion into the most profitable items. Should negotiations fail, then Mr Brock would have the such limits.

# White the economic projec-tions in the budget are unlikely to be the source of great contro-versy, the debate about the 1986 budget is generating heat.

Personal appeal

make a strong personal appeal for support at a meeting of Senate Republicans yesterday. A major sticking point remains the defence budget. Mr Caspar Weinberger, Defence Secretary, backed by President Reagan, is vigorously resisting

This is being done despite Senate Republican warnings that without concessions on defence, President Reagan's hopes of gaining Congressional support for the draconian list of cuts in domestic spending he has prepared, are negligible.

In the broadcast, half of

ing should be geared to the external military threat, not to balancing the budget and that to short change defence now short-term interest rates in would weaken the U.S. negoti-recent months, better than ex-pected inflation numbers which arms talks.

Hong Kong

in bid to

sway U.S.

on textiles

HONG KONG'S director of

Trade, Mr Hamish Macleod.

left for Washington yesterday

for what is likely to be a final

attempt to persuade the U.S.

to abandon controversial new

The meeting comes at a time

of growing fears in Hong Kong

textile import regulations.

JAPAN and the U.S. yesterday side that barriers against com- \$33bn U.S. deficit in bilateral

The first round will be taken

This appeared to be the main

tectionist attitudes in Congress, to Japan.

In particular it may be hoping for a repeat of last year's efforts in which it was instrumental in getting a proposed Bill by the Ministry of International Trade and Indus-

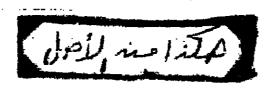
of growing fears in Hong Kong that only cosmetic alterations can be expected. The new legislation, introduced at short notice and in defiance of existing textile trade agreements, was seen until recently as a ploy by President Reagan to appease the powerful textile lobby in the U.S. during his Presidential election campaign. Hong Kong and China are among the most seriously affected by the changes, which involve new definitions of the country of origin of fextile produs. Hocng Kong textile manufactures facturers say exports worth about HK\$3bn (£300m) are likely to be lost this year if the regulations are not revoked.

Manufacturers of woollen garments, the group worst hit by the changes, have reported a 40 per cent fall in orders since November. They say about and producers in China have said a similar number of jobs are at stake there. The U.S. was unanimously

censured by members of the General Agreement on Tariffs and Trade (GATT), which met specially in November to con-sider the American legislation. A Hong Kong Trade Department official commented recently: "We are deadling with a move that is arbitrary, authoritarian, one-sided and at odds with consumer interests and preferences. It is in definance of a bilateral agreement and multilateral discipline.

The feeling of harassment has been aggravated by an unprecedented number of calls by the U.S. during 1984 for bilateral renegotiation of toxtile exports not yet subject to Quota.

Since 1982, Hong Kong's texriles subject to quote have risen from 80 per cent of exports to 92 per cent as a result of such calls. The Gatt textile surveillance board censured the U.S. in December for acting beyond its powers in making the calls.



fall in trates

Hone

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# ELECTED TOWCAR OF THE YEAR, WE FIND OURSELVES IN A POSITION OF SOME STRENGTH.

16 cars were entered by 12 manufacturers for this year's Towcar of the Year competition.

We all reported to a military test track in Surrey and were promptly issued with caravans-for-the-towing-of, ballasted to 75% of the cars' weight.

And round and round the assault course we went, till all eight judges had put us through our paces.

They judged us for traction, acceleration, braking, handling, stability, flexibility, ride, suspension, vision, overall suitability and value for money

Modesty's not going to forbid us quoting the Caravan Club's magazine:

"When it came to the final apportioning of judges' points there was really no contest. The Volvo 360 got...an unassailable victory."

Naturally, such "a strong lead over the runner-up" (The Guardian) has gone to our head a little. But as you can see, we haven't gone soft in it.

As in all Volvos, drivers and passengers in our

360 GLEi are protected by an immensely strong steel safety-cage, steel bars in the doors and crumple zones fore and aft.

But back to the delightful and well-informed caravanning press:

"The £7500 Volvo...impressed the judges particularly with the flexibility of its new engine" (Caravanning Monthly).

And writing in Camping & Trailer, one of the judges also wrote the rest of this advertisement:

"As soon as I sat in the driver's seat I knew the 360 had that Volvo feel of quality and safety."

It "was as snappy as you need in today's traffic conditions, when it is important to be able to accelerate out of a potentially dangerous situation; and the engine's torque characteristics so suited to towing that I was able to lap the test track at a steady 50 mph without changing down from the fuel-saving fifth gear.

"In repeated emergency stops the Volvo/Deanline

outfit never failed to pull up swiftly and surely, and on the test hills (up to 1-in-6) the outfit pulled away almost as strongly as on the flat.

"Throughout it all I enjoyed a comfortable, pitchfree ride."

We should add that the Volvo 360 GLEi doesn't do as well without a caravan.

It does better

To: Volvo, Springfield House, Mill	Avenue, Bristo
BS1 4SA. Please send me details.	35/47-05-F-05
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1986 VOLVO 350 GLE STARTS AT 57210, PRICES INCLUIDE CAR TAX AND VAT (DELIVERY AND NUMBER PLATES EXTRA), INJECTION MODEL FEATURED FROM \$7696 CORRECT AT TIME OF GOING TO PRESS, CUSTOMER INFORMATION TELEPHONE: IPSWICH (0473) 745131. FOR EXPORT SALES TELEPHONE: 01-4930321.

# Trade union votes 12–1 to take cash for ballots

6

MEMBERS OF Britain's second largest union, the Amalgamated Union of Engineering Workers (AUEW), have voted by a huge majority to accept Government money for postal ballots in defiance of Trades Union Congress (TUC) poli-

AUEW leaders said yesterday that recommendations to accept the money had been supported in the ostal ballot by about 12 to 1 -233,030 members voted to accept the money and 19,793 voted against. The crushing majority was re-corded on one of the highest responses in recent AUEW elections; 31.3 per cent of the 1m members voted, with 34 per cent from the main engineering section taking

The organised left-wing of the union, which usually carries signifi- for ballots held since 1980.

Government funds for ballots were made available last year in is in open breach of the TUC's 1982 trade union legislation which made Wembley agreement. it compulsory for a union to ballot its membership before authorising the TUCs finance and general purstrike action

Yesterday's result was expected, but the extent of the majority may strengthen the union's hand in the wrangle that will now begin with

Mr Gavin Laird, the AUEW gen-



in back payments

eral secretary, has already written to the Certification Officer asking for £1m in retrospective payment cant minority weight, opposed taking the money is received, ing the money, but only half-heart-which may not be for another three months, TUC disciplinary procedures will begin at once. The AUEW

> Wembley agreement.
> The AUEW's case will first go to poses committee and then to the general council, but the September TUC Congress is likely to intervene to qualify the 1982 policy before any decision is taken on expulsion of

Union the other main right-led union which makes extensive use of the costly postal balloting system. has also decided to accept government money. It has compromised, however, and said it will take the retrospective payment (which the overnment has said must be done before February 4) but then freeze the money until the argument is re-

The British Airline Pilots Association has also decided to accept the money and a number of other unions are actively considering it. Mr Terry Duffy, the AUEW president, said he detected a change in opinion among unions and hoped that reconsideration of the issue by the TUC would solve the problem He said the AUEW was in the black and was not taking the money to extract itself from financial prob-

"There is nothing immoral or wrong in taking the money. The TUC can act in an advisory capacity and we comply with the wishes of

"In spite of the problems that would arise if the TUC expelled us we shall implement our members' decision. The days have gone when leaders could dictate to members. the union. They now demand to be consulted.

The Electrical, Electronic, Teleand we have done that."

# Army in £24m plan to use lasers for battlefield training

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE BRITISH ARMY expects to still do, in future, a laser proembark soon on a C24m plan to revergrammed from, for example, a Mi-

equipment which will simulate direct fire from a range of weapons systems, including tanks, anti-tank guided missiles, machine guns and

The equipment, which involves technologies based on the laser, microchip and computer, will offer the army, according to senior officers, an "infinitely more realistic battlefield simulation."

The simulators use low-powered 'eye-safe" lasers as "ammunition' for the wide range of weapons in ervice or planned for the army. The laser is "fired" at a target equipped with detectors to receive it. If the laser hits the target a "kill" is achieved putting the target whether man or tank - out of the

"In the past, we were barely more war games and shouting 'Bang, bang! you're dead?" a senior officer

This is effectively what officers who umpire military exercises. much smaller training manoeuvres, associated helicopters and missiles.

olutionise the way it trains its sol- lan anti-tank weapon, could immobilise a Challenger lank by switching The army plans to equip two bri- off its electrical system. A direct hit gades in the next few years with on an infantryman would set off an unpleasant buzzing, which could only be silenced if the soldier lay flat on his back.

Neither the tank nor the soldier could be revived unless the umpire used his own "life-giving" laser gun. The army already has a small number of simulators. Under a recent contract all its Challenger and Chieftain tanks will be equipped by the end of the decade with a system

known as Simfies. Centronics, part of the First Castle group and the other large UK producer, is also supplying its Sawes - small arms weapons effect simulator - for a small number of

The £24m package which has just

been approved by the army will equip two full brigades with tactical simulator systems covering not onsophisticated than children playing ly the tanks and infantrymen themselves but their Milan anti-tank weapons, the new shoulder-launched light anti-tank weapon Law80, the new MCV80 combat vehicle, as well as Scorpion, Scimitar such as last autumn's Lionheart or and Spartan armoured vehicles and

# National centre to co-ordinate British space technology

BY PETER MARSH

ain's efforts in space technology.

The British National Space Centre will probably be based at the Royal Aircraft Establishment

Information Technology, said yes-

sources and staffing for the centre over the next few months. He ruled out, at least for the next two years, any increases in Britain's annual budget for civilian space activities, now running at some £90m a year. News of the centre comes after

several months of lobbying by industry groups. It will give a sharper focus to Britain's activities in space. Responsibility for this area is at present shared by several govern-ment bodies, including the Depart-ment of Trade and Industry, the Ministry of Defence and the Science and Engineering Research Council.

The first two departments both have a say in the running of the RAE, while the main centre of space expertise for the research council is at the Rutherford Appleton Laboratory near Oxford.

The new centre is intended to coordinate the country's work in areas such as telecommunications

(RAE) at Farnborough, Hampshire, Mr Geoffrey Pattie, the Minister for Information Tachnology and a space industry gave a guarded wel-tuion into come to the body. They said it Mr Pattie. would improve co-ordination be-tween different Whitehall depart-Mr Pattie said the Government ments, but industry leaders said form that orbits over the north and would decide on the level of resources and staffing for the centre. until the Government gave details of how the centre would operate.

> UK intends to get a firmer grip on space technology. The lack of a central British agency for these mat-ters has come in for oblique criticism from France and West Germany, both of which have national

> for a meeting of ESA ministers today and tomorrow. They will decide on a broad strategy for joint West European efforts in space technology over the next 10-15 years.

ESA's other 10 members to respond positively to the invitation by the current arrangements but I don't U.S. that Western Europe should have a lot of confidence that the help in the construction of a manned space station, which is due pointed direction to Britain's space to enter orbit in 1009

THE GOVERNMENT has bowed to pressure from industry and set up a co-ordinating body to marshal Brit-rope's Ariane rocket and studies the international space station for rope's Ariane rocket and studies the international space station for rope's Ariane rocket and studies the international space station for rope's Ariane rocket and studies. concerning the international cilities for techniques such as sales manned space station planned for lite refurtishing and refueling These will be essential if our space Representatives from Britain's industry is to keep ahead of comp tition into the next century," said

Britain's contribution to the space station could be a small pistof how the centre would operate.

The announcement serves notice to Britain's partners in the European Space Agency (ESA) that the UK intends to get a furner grin on orbiting base.

orbiting base.

Mr Pattie said ESA should spend
com on a two-year feasibility study on the costs and benefits of Columbus Britain's contribution would be 17m. Western Europe space bodies.

Mr Pattie's declaration came immediately before he flew to Rome that would be needed to build Columbus only after the study had been completed.

Dr Peter Martin-Kaye, a goolouropean efforts in space technologist from Hunting, a resource surveys company which uses pictures taken from observation satellites, said: "I welcome any change in the

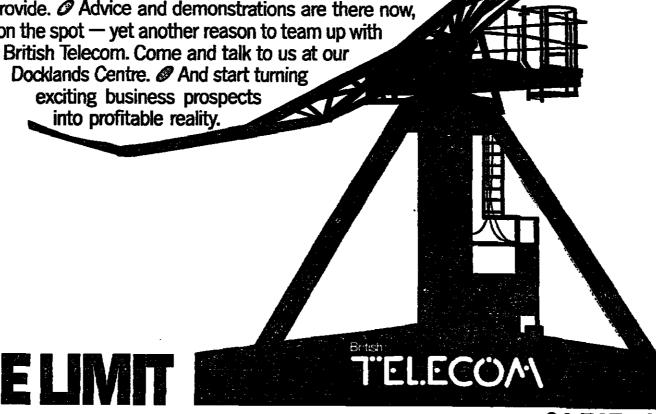
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Contact Paul Harvey, British Telecom Business Centre, Canary Wharf, West India Docks, London E14 9RA 01-515 1234

# Ponting secrets trial continues in private

By raymond hughes, law courts correspondent

THE TRIAL of Mr Clive Ponting.

the senior Ministry of Defence offiformation, to a person other than a ley, London, yesterday for four

Only the first 40 minutes of yes-mits sending to Mr Dalyell - de-terday's hearing was held in public, scribed by the prosecution as hav-

leading up to the sinking of the Ar-

Mr Po nting admits sending two: Defence Ministry documents to Mr Tam Dalyell, a Labour MP, but has that it should not be exposed in pleaded not guilty to a charge under Section 2 of the 1911 Official Secrets Act.

He is charged with disclosing incial charged with an offence under the Official Secrets Act, continued to disclose it or to whom it was, in behind closed doors at the Old Baithe interest of the state, his duty to disclose it. The documents Mr Ponting ad-

mits sending to Mr Dalyell - dewhen the first prosecution witness, ing 'a particular and unremitting when the first prosecution witness, ing a particular and universiting. Mr Richard Mottram, private secretary to Mr Michael Heseltine, the Defence Secretary, began his evidence.

The hearing was held in camera when Mr Mottram was asked to deal with the so-called "Crown Jewels" – a document prepared by Mr Ponting dealing with the events leading up to the sinking of the Argenting and Mottage of the Argenting Mottage and Mottage and Mottage of the Argenting Mottage and Mo

gentine cruiser, the General Belgra-no, during the Falklands War.

Mr Justice McCowan accepted the prosecution's contention that part of the "Crown Jewels" was so sensitive that national security required

> Mr Mottram's svidence will continue in public today.

# **British Telecom places** £13.7m order with BL

BRITISH TELECOM has placed with Austin Rover, part of the state- 1963 to less than 19,000 last year owned BL group, what is believed to be the largest single order for light vans in the UK. The 3,900 Maestro vans, to be supplied be-tween now and early 1986, have a The company said yes

showroom value of £13.75m. In the contract are provisions for British Telecom to increase the order by 1,500, bringing the potential total value of the contract to more

It provides a substantial boost to Austin Rover, which last year lost its title as UK market leader in the light vans sector to Ford. A factor in the decline of its light Rover.

The company said yesterday that it believed it could recapture the van market leadership this year. The Society of Motor Manufe ers and Traders predicts that a total of 88,000 yans will be sold in 1985.

Orders from British Teleco which operates one of the largest business vehicle fleets in Europe. have also been playing a substan-tial role in the revival of Freight

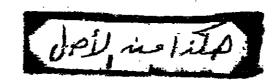
was that it was phasing out its Ital which did not go on sale until the

# Clydesdale Bank PLC

# INTEREST RATES

Clydesdale Bank PLC announces that with effect from 1st March 1985, interest charged on debit balances on existing Personal Credit Plan Accounts will be increased by 2% to 18% per annum debited quarterly (equivalent to an effective annual rate of 19.25%) and interest paid on credit balances will be increased by 2% to 8% per annum.

In the case of new P.C.P. Accounts the new rates of interest will be effective from 30th January 1985.



# **Decisions** on freight blacking shelved

the manual railway workers' unions to put off an awkward decision on whether to lift their blacking of some freight movements in support

At a meeting of the Rail Council, BR's main consultative body, the two sides agreed to shelve the issue in the hope that present peace moves in the coal dispute would be

BR's decision not to press the matter yesterday is further proof that both sides are trying to restore relations damaged by the blacking action, by its impact on BR's freight husiness, and by the one-day strike it caused in the Midlands and Lon-

After a meeting of the Rail Council last week described as "serious and constructive," yesterday's session appeared to have been just as conciliatory and businesslike.

BR made clear, however, that it was looking for positive commitments from the unions. It told them that the coal dispute had cost the railways £273m - almost £50m up on previous estimates - and that it as a worsening position.

BR will hope that the unions will agree at least to relax their ban on the movement of iron ore trains and to allow immobilised wagons of coal to be unloaded to prevent chemical

As well as not pressing for these concessions yesterday. BR did not raise the threat of legal action for damages over the one-day strike and was playing down the possibility of 600 job losses arising from the loss of freight business owing to the

Pay remains one area of possible conflict, however. Mr Jimmy Knapp, general secretary of the Na-tional Union of Railwaymen, said: Our members deserve and need a substantial increase in pay without selling jobs and without any strings

PRIVATISATION of British Airways has been postponed until next financial year, beginning in April, Mr Nicholas Ridley, Transport Sec-retary, said. Uncertainty surrounding the suit brought by the liquidator of Laker Airways against BA and other international airlines is understood to be the cause of the

□ OVERSRAS aid funds are to be made available to Leeward Islands Air Transport of Antigua to enable it to complete its proposed purchase 748 airliners worth about £20m.

Cash for two of the aircraft ships have become so cost-effective (about -\$10m) has already been over the past three years that they raised by the Caribbean Development Bank after an EEC rejection of funds for the airline unless it bought a Franco-Italian aircraft instead of the Super 748.

## Pensions in 1985

Accom ps

rder nicht

OUR REPORT on January 24 of the Pensions in 1885 conference quoted Mr Brian Tatch, a senior partner with Clay and Partners, as saying two out of three U.S. pension schemes made refunds in 1984 compared with one in two the previous

Mr Tatch actually said that, of the U.S. schemes which made refunds in 1984, the assets represented two thirds of the assets of those schemes. The corresponding figure for 1983 was one half. We

# Coal talks fail to find way for settlement

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE EXECUTIVE of the National Union of Mineworkers (NUM) will meet today faced with a categoric demand from the National Coal Board (NCB) that any further substantive talks between the two sides should focus on the issue of uneconomic pits and the board's right to close them.

The union has consistently op-posed the closure of uneconomic pits throughout the miners' strike, which began last March, and there were strong indications last night that the executive would be unlikely to agree to talks on such a basis.

It is understood that Mr Peter Heathfield, the NUM general secre tary, angrily rejected such a precondition in the "talks about talks" he held for three hours yesterday with Mr Merrik Spanton, the board nember for personnel

Mr Michael Eaton, the NCB's communications chief, said last night: "We told the NUM that we needed it clearly understood between us that we are going to be in a position to close collieries if we exhaust the colliery review procedure. The union wasn't able to agree to that, so we were not able to have an agenda for future talks."

Mr Arthur Scargill, the NUM president, said after hearing a re-port on the talks from Mr Heathfield that the union had "tabled a number of initiatives which we believe could provide the basis to help resolve the present dispute." He reeated that the union would attend the talks without preconditions.

It is understood that these "initiatives" include the union's insisence, expressed in previous talks, that the board wholly withdraws its proposal to cut 4m tonnes of annual capacity and to shut five named pits demands which the board regards as having been settled in the agreement made last October with the pit supervisors' union Nacods, in which it promised to "reconsider" these is-

Mr Peter McNestry, the Nacods general secretary, fiercely attacked the board last night, saying that in fact that there were tall seeking to tie the NUM down to a between the two sides.

BY BRIAN GROOM, LABOUR STAFF

MANNING LEVELS on British

now match those of most North Eu-

ropean competitors, the General Council of British Shipping (GCBS)

Improvements are believed to average about 20 per cent, though the council has issued no figures. They

range from zero on older vessels to

much higher figures when new ships replace old tonnage.

The changes have not halted the sharp decline of the British fleet

from 50m deadweight tonnes in

1975 to below 19m dwt, with the loss

of 30,000 jobs since 1979, but ship-

owners believe that more efficient

manning and new technology is vi-

their efforts to use manpower more ed engine rooms, which of efficiently in 1982 after a gap was

using cheap Third World labour.

Ship manning levels

'on par with Europe'

# Heseltine assesses Trident at £10.4bn

Mr Scargill: 'new

initiatives tabled

promise that it would accept the clo-

sure of uneconomic pits, it was

worsening the Nacods settlement.

Mr McNestry said that his execu-

tive, due to meet later this week,

would urgently consider the issue.

back from our settlement, it will

cost them a lot. It's a dangerous

It was clear from an appearance

on television last night by Mr Eaton

and Mr Scargill that the two sides are as far apart as ever. Mr Scargill

said of Mr Eaton: "The fact that he's

talking about the closure of so-

called uneconomic capacity means

the butchery of our mining indus-

try. If they do close these pits

which are deemed uneconomic

then that would mean the destruc-

tion of many many pits - 70 at

Mr Scargill said that the board's

demand for prior assurances on clo-

sures before substantive talks was

"an astonishing revolation." His at-

titude means that the executive to-

day will be faced with a national leadership strongly arguing for rejection of the NCB's preconditions,

and that early talks to end the

Only 182 miners abandoned the

strike yesterday, a sharp drop on

the number who returned to work

on the same day last week. The board felt that this reflected the

fact that there were talks yesterday

Scandinavian. West German and

Mr John Whitworth, deputy di-rector-general of the GCBS, said

yesterday: They made good prog-

ress in 1980-82, but so have we

since then. Across the board we are

on a par with most of our North Eu-

West Germany and Norway appeared to be out in front. Typical

going bulk carrier were 20-24 on an

existing ship and 18 on a new one

but those two countries would

shortly introduce high-technology vessels which would cut crews be-

low that level, Mr Whitworth said.

The GCBS is keen to portray the

changes not as crude manning cuts

but reductions made possible by im-

proved technology such as automat

ed engine rooms, which do not re

ropean crew levels for a foreign

ropean colleagues."

ements amo

strike seem unlikely.

road they're on," he said.

"If they attempt to claw anything

By Peter Riddell, Political Editor

cost roughly £10.4bn if the sterling exchange rate remains around its present level of \$1.10 over the 20year life of the project.

This represents an increase of about £3bn in the estimated cost over the past three years on the ba sis of official figures made available at Westminster yesterday. The Trident programme is particularly sen-sitive to the sterling/dollar rate since about 55 per cent of the value of work is being incurred in the U.S.

Mr Michael Heseltine, the Deerage 1984-85 prices and on the ba-sis of the established expenditure

An indication of the effect of changes in the exchange rate on costs would be made available to the relevant Commons committee, he said. These figures showed that at \$1.38 each one cent movement changed the bill by £30m, while at \$1.10 each cent change was equivalent to a £50m alteration in the total cost of Trident.

On this basis the cost worked out at about £10.4bn if the current sterwhich was raised to £7.5bn in 1982. In March 1984 the figure was re-

# Scottish and Japanese yards to build offshore oil vessel

BY MAURICE SAMUELSON

They are Brown and Root-Wim-pey Highlands Fabricators, based at Nigg Bay in north east Scotland, and Mitsui Engineering and Ship-building, Japan's sixth biggest ship-

terday that they had agreed on a design for a floating production vessel (FPV) suitable for use in the marginal oilfields that will be characteristic of the next stage of activity in the central North Sea and in

owned car company, and Honda, might help to remove the doubts

about the future of Highlands Fab-

The Energy Department said last night it welcomed the fact that a British yard was involved in devel-oping North Sea technology and that the costs, responsibility and risks would be shared.
Mr Kevin Barry, chief executive
of Highlands Fabricators and chair-

man of the new concern, claimed to have identified 14 North Sea fields in which the floating production vessel would be suitable.

Describing the vessel as "simple, practical and economical," he said it could be completed in 21 months and would be cheaper than alternatives, which were on the market for

While the above-water deck sec ricators. The only order on its books tion will be built at Nigg Bay, the is the large contract it won last September as part of the £230m development of Marathon's Brae field in value of the basic structure, will be manufactured by Mitsui in Japan.

The two sections will be "mated"

at sea in the most convenient loca-The Highlands-Mitsui system is the latest of a number of floating or oi-submersible structures developed for deep waters for marginal fields where a beavy fixed structure

Last year, a tension leg platform - moored to the seabed by cables -was installed on Conoco's Hutton

British Petroleum has devised platform, called Swops, consisting of an adapted oil tanker, the first o which is to be built by Harland and Wolff, the Belfast shipyard.

## contrary to natural justice and would inhibit the recruitment of non-executive directors as "compa-It's a healthy life in the Civil Service

ny doctors." There was substantial support for alternative amendments moved by Lord Bruce of Donington, Labour's trade spokesman, and by a group of

**Insolvency** 

sanction

may be

modified

THE GOVERNMENTS proposals

for the automatic disqualification of

directors of companies facing com-

pulsory winding up may be modifi-ed in the face of widespread pro-tests, Lord Lucas of Chilworth indi-

cated in the House of Lords last

Lord Lucas, the Governments

trade spokesman faced criticism of

the proposals from all parts of the

Lords during the first day of de-

tailed committee stage debate on the Insolvency Bill.

A succession of Conservative, La-

bour, Alliance and Independent

peers claimed the proposals were

Conservative and Independent peers, led by Lord Benson (Indeendent). Both would leave disqualification

of directors at the discretion of the courts after an application by the Trade Secretary, the Director General of Fair Trading, the liquidator, or a creditor, who would have to prove fraud, negligence, or failure to keep proper books of account.

Lord Lucas told peers: "I am quite willing to accept that the Government may not have got this clause completely right." He added: "The arguments are not set in concrete. I and my colleagues are not rigid in any way at all about what we have

TWO LEADING UK and Japanese companies have joined forces in a bid to win orders in the increasmarket for offshore oil production

building concern.

They announced in London yes

other parts of the world. The agreement, reminiscent of that between BL, the UK state-

fence Secretary, told the House of Commons yesterday that the updated cost was £9.28bn. This was on avconvention of taking the exchange rate at last June when it was \$1.38

ling/dollar rate continued through out the project. This compared with an original estimate of £5bn in 1980, BY WALTER ELLIS

EVIDENCE has emerged to confirm the popular belief that civil servants are a breed apart. They live longer than other people, drawing their pensions after retirement for an average of more

than 13 years. A report, published yesterday by the Civil Service Medical Advisory Service, shows that the UK Civil Service is a healthy or-

The number of prematur deaths among the 530,000 civil servants and 83,000 other state loyees is between 40 per cent and 50 per cent lower than among comparable men and women in other jobs.

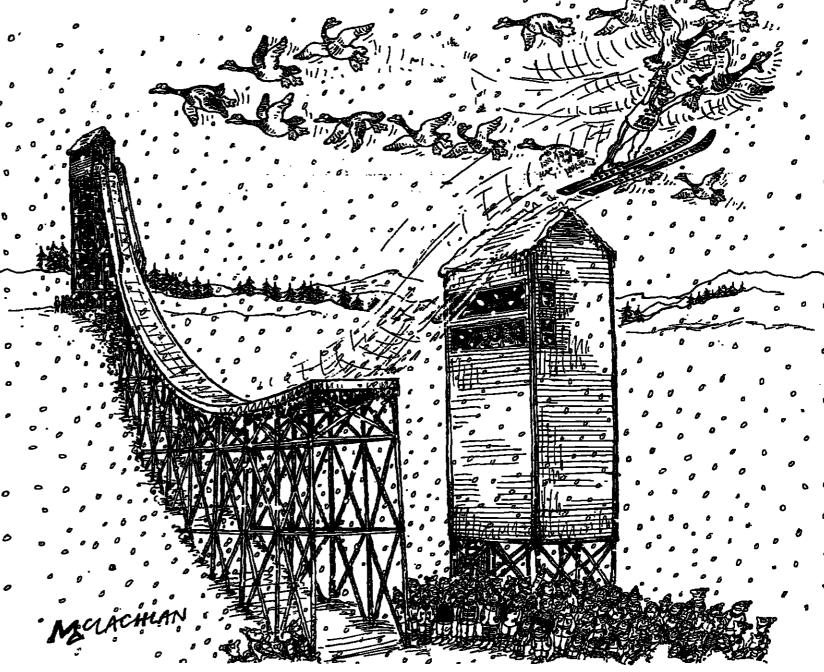
Absence from work because of The service believes that its ability to promote health and ase has been greatly national rate and is still declining. It is less than in comparable organisations such as the Post Office. Only six in every 1,000 civil servants retire prematurely on bealth grounds each year and the total has hardly varied over ing assistance. the last 20 years.

Much of the credit for this permance – described by the Cabinet Office as "impressive" - is given to the Medical Advisory Service itself, which not only provides civil servants with excellent medical care but does its best to ensure that they do not become ill in the first place.

enhanced by the inauguration of an occupational health nursing service. The report noted that there is considerable scope for occupational medical and nurs-Although most civil servants work in areas of low potential

hazard, some 80,000-90,000 are employed in areas of greater hazard. "It's a question of good man-

agement," the management and personnel office said yesterday. "The Civil Service looks after its



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# THE ARTS

Television/Christopher Dunkley

# A shepherd's delight

Nothing in the 1985 new year season is giving me more sheer pleasure than Seabrook's Year, BBC2's Monday night series about a Norfolk shepherd. In the clever and loving hands of writer/producer Dan Haworth (whose series Fred about the steeplejack Fred Dibnah was the best series of 1982) this collection of five films is proving that Richard Seabrook is not only a shepherd and a woodman but a shrewd businessman, a philosopher and a comedian. Haworth's programmes with their happy choice of characters, their delightful photography—by Arthur Smith on this occasion—and their unashamedly emotional music are supreme examples of the way in which television can sometimes fulfil the famous three aims of broadcasting - to inform, edu-cate and entertain-all at once.

In the days when Tim Brooke-Taylor was known chiefly as one of The Goodies the only other place you tended to come across him was in the further reaches of Radio 4. At that time he seemed quite funny both in his television series and on the radio. Now, all of a sudden, it radio. Now, all of a sudden, it is impossible to turn the box on without TBT popping up in some new guise and the attraction is beginning to wear thin. On Tuesdays he chairs the BBC1 game Loose Ends, on Thursdays he crops up in a Goody-tike rôle on C4's Assaulted Nuts, on Fridays he appears in London Weekend's appears in London Weekend's Me And My Girl and on Satur-days he acts as chief barker on Granada's talent show The Fame Game. He seems a pleasant and ordinary enough chap but you can have too much of a good thing and during his live presentation of the talent on Saturday his smile started to look the teeniest bit forced. Considering some of the acts perhaps that was hardly surprising, but this is supposed to be showbusiness.

Judged across its entire range, Channel 4 seems to me margin-ally more interesting than some other networks today. Perhaps



Phoebe Nicholls and Alan Howard in Poppyland

capable of fulfilling its promise to capture about 10 per cent of the audience fairly regularly. But was that really the idea when the fourth channel was

much of its schedule packed catered for by ITV; to encourage with material which would look innovation in the form and conunremarkable on the other tent of programmes; to provide three channels. For instance, over all a service of a distinctive that it mould not look out of but it would not look out of more of the same but for some-place on BBC 1, BBC 2 or ITV. thing different." Channel 4's The same goes for Hill Street latest Top 10 is headed by a Blues and St Elsewhere, the movie and that thriller The comedy series Relative Stran-Price, then come two episodes gers, the quiz show Tell The of soap opera, three game Truth, and dozens of other shows, two lots of snooker and series. Thanks to this sort of the American import Hill Street content the channel now seems Blues. Innovation? Distinctiveness? Something different?

imminent disappearance of two Channel 4 series which were undeniably different but in the the price we have to pay for its less routine programmes — Diverse Reports, say, or Shape Of The World — Is to have to have to have to have to have to have the words of Chief Executive Jeremy Issaes: "The Broad-casting Act requires us to cater for tastes and interests not first for West Indians and the

second for Asians, appear to have been sustained by the belief made familiar by the National Front that to be black or brown-skinned means that you are inherently different from other people and that you should therefore be separated into distinct groups and treated differently. Writing about the two series earlier this month their executive producer Jane Hewland put it like this: "Minorities don't need 'Iter-

native' programming. Alterna-tive to what? The whole point is that they haven't got anything in the first place. So what Cimust do first is provide them with the same kind of television 'institutions' everybody else has — programmes they can recognise as 'theirs'."

To maintain that if you are black Cockney or a hower

black Cockney or a brown Liverpudlian then Top of The Pops cannot be for you, nor Channel 4 News nor The New Pacific nor Soap nor Hall of Mirrors nor Playschool nor Hill Street Blues nor The Big Match nor Game For a Laugh but that you by virtue of your skin pigment, must have an entirely separate set of "institutions" is to think like a South African

As it happens all the pro-grammes named above have recently featured black or brown people prominently—but supposing they hadn't? Are we really asked to believe that those with Asian ancestors cannot appreciate the beauty of a symphony concert if (in a country with a 95 per cent white population) the musicians all happen to be white? Or that a West Indian is incapable of finding Phil Silvers funny? What patronising racist cant.

BBC2's new series "Screen Two" started out supremely well with A. F. N. Clarke's army drama Contact set on the Irish border, and followed up impressively with Poppyland in which Alan Howard played the 19th century drama critic Clement Scott who, having discovered—indeed invented—"Poppyland" on the Norfolk coast promptly caused its ruination by publicity. But what on earth possessed a producer as experienced as Ken Trodd and a director as scrupulous as Gavin Millar to

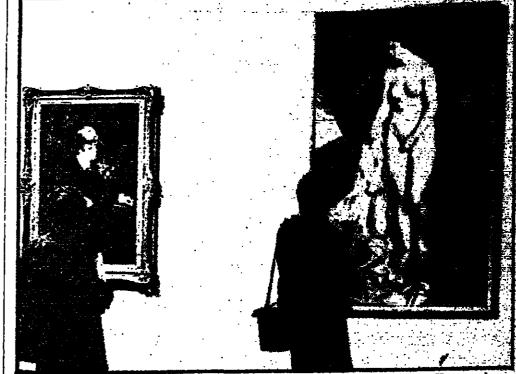
have anything to do with the third work, Unjoir Exchanges? Watching it was like spending an hour and ten minutes with one of those people who hang around the reception areas of body that invisible rays are coming out of the telephone and getting at us. Julie Walters played the loopy lady and-the script having been written by Ken Campbell, presumably on the backs of old phone bills (yes I know they are covered in printing, that could explain a lot)—other characters included a randy dwarf and a heavy breather.

Perish the thought that one should follow in the footsteps of those critics who, after only a few episodes, scoffed at the chances of Granada Television's last soap opera. It was called Coronation Street. The new one, built around a Manchester Practice, is deliberately different in style and structure: there is a richer social mix and a clear effort to "do a Hill Street Blues" in the sense of achieving a busy-busy multi-layered plot. There are two dangers, however: medics and patients are too polarised with the doctors portrayed as the founts of all wisdom and the public too often as ninnies, an idea which is both old fashioned and unrealistic; and the Hill Street style comedy is a touch

too studied.

The genius of the American series is the way that the "comedy" invariably grows realistically out of the plot and is often bang up against the boundaries of tragedy. In The Practice Key, the bus conductor who keeps booking his vases. who keeps booking his vasce-tomy and then running away, is close to farce. His wife chasing him with her sausageslicing knife was absurd, and his sojourn in the garden shed plain silly. Yet these are relatively minor criticisms of what looks like a formidably powerful basic formula.

That is my last word for a while; I am relinquishing this space to take up a challenge from Penguin to write a book in nine weeks about the future



Renoir's Woman in a Garden and Bather with a Griffon at the Hayward

# A major Renoir exhibition

The first major exhibition of the paintings of Renoir in London for over 30 years opens at the Hayward Gallery tomorrow. It will continue daily (except Good Friday) until April 21 with an admission price of \$2.50 (£1.50 for students, pensioners, etc, and on

Mondays).
Over 120 of Renoir's works are on view, from all periods of an active career which stretched from 1864 to his death in 1919. The show, organised by the Arts Council, provides an unrepeatable opportunity to appreciate the genius of the most popular of the Impressionist painters but one whose reputation has sometimes been dimmed by the very profusion of his output—there are 6,000 known works—and his foundness in later life for painting over-sipe

and fleshy nudes.

This exhibition, which will be reviewed at length on this page shortly, helps to re-cetab-lish the genius of Renoir while confirming his own desire to be regarded as an unequality painter of women. The show, sponsored by IBM, will later travel to Paris and Boston. The admission price also includes access to work by the British abstract artist John Walker, in a show sponsored by Johnny Walker whisky.

# A Summer's Day/Polish Theatre

**Martin Hoyle** 

The seaside park bench, cutout tree and expectantly dangl-ing hangman's noose at once set the note of wryly shrugging humorous resignation. The

humorous resignation. The Polish Theatre in Hammer-smith's King Street is presenting the British premiere of Slavomir Mrozek's 1983 comedy. Though best known for his Tango, done some years back by the Royal Shakespeare Company the Polyagright now Company, the playwright now displays a tendency to Shavian paradox and Gilbertian chop-logic immediately accessible to an Anglo-Saxon audience; but shot through with a beaming

Slav desperation.
In Adrian Gwillym's impeccably Edwardian costumes two cably Edwardian costumes two would-be suicides argue over whose lot is the sadder. Jonathan Hacket's Unsux (unsuccessful: is there a Polish equivalent of Wally?) is a born failure, unable even to kill himself with all the ingredients to hand. Sux, on the other hand, immaculately self-possessed, laments his gift for eternal success and envies the much as the arbitrary distinc- powerful; like the play its

Their talk hovers on the brink of the surreal. "I am an excellent swimmer, and you can take it from me it doesn't being happiness," is a fair sample of the (as it transpires) faintly menacing formality of tone. Both men are attracted to a

passer-by (the stylish Linda Marlowe looks stunning; Tadzio's mother perhaps) and act 2 finds her choosing between ineffectual clown and world-weary tragedian. Unlike Shaw, Mrozek reveals this charming manipulator not as the supersex but as herself manipulated—indeed, existing only in the men's respective images of her. In favouring the clown, "I'm choosing myself"—the self she prefers. "I mean so much to him it makes me mean more to myself."

The play is about dignity as

other's failure. "If you had tion between comedy and succeeded in your aspirations tragedy. The here, surprised that would have been the end of hope. As it is, you have an beach in chaste period hathing dress, is reduced to buffoon; the clown nitimately achieves his end (in both senses), unwittingly and with bitter irony exalted to tragic status.

This sardonic little bagatelle —two intervals are surely ex-cessive in such a short work is beautifully performed. Mr Hacket's lank-haired pudgy wimp resembles, with his round shoulders and perpetually bent knees, a human question-mark. Philip Voss's urbane pure conceals the vocal flick of whiplash malice in his terminally achieving go-getter. Jacek Laskow-ski's translation flows admirski's translation nows admir-ably; and Dee Gradidge provides three sets of deftly suggestive economy, evoca-tively lit by David Richardson, Peter McAllister's direction takes in a stylised drowning that is unexpectedly, chillingly

# Marivaux and Messager/Strasbourg

# British presence at Europe's crossroads

ment can, culturally speaking, take it. Strasbourg is well-placed both to enjoy the co-productions more common in continental theatres than in Britain, and to play host to companies from across the nearby borders.

The Collettivo di Parma The Collettivo di Parma recently brought Macbeth and Henry IV to Alsace; the Opera du Rhin with its three bases (Strasbourg, Colmar, Mulhouse) has just borrowed Avignon's Vérónique and awaits Cologne's Don Pasquale, Zurich's Ariadne auf Naros and Baden's Xerxes, besides joint efforts with other French houses.

Meanwhile, the Théâtre Nationale de Strasbourg, its impressive exterior hiding a small auditorium and friendly bar like the clubbier provincial English theatres, has just given a stylish and thoughtful produca stylish and moughtfut production of all as a substitute of substitute of a substitute of substitut

bluff and love-through-jealousy reminded me of Shared Experience in the same author's Fausses Confidences two years ago. A terminal melancholy grips this twilit society. Perhaps Andre Marcon's unsmilling Dorante (in spectacles and shirtsleeves like a perpetual student a century and a half before Chekhov) is a pointer not only to the Enlightenment but to the deluge to come. The stately rhythms of Jacques
Lassalle's production are
accasionally disrupted by bursts
of energy, improbable physical
contact that takes even the

participants by surprise. The gavotte-like propriety is jolted as the Countess tugs the Marquise, her supposed rival, from Dorante.

The foppish southern Chevalier (Serge Avedikian) and his man Frontin, played by Hammou Graia as a sulky.

This sombre reading (the heroine's "Quel plaisir, Lisette; je suis contente" sounded like whistling in the dark) was compellingly played and spoken, notably by Dominique Reymond's scheming Marquise, her presence and personality faintly recalling our own Sara Kestelman. Only the Act 1 set, an oval opening like a huge eye through which characters as a master of this minor genre.

Dating from 1898, Véronique slightly to strain at the top, how may be the best-looking to recall it lives for two duets, "Swing high, swing low," its wistfully elegant of the sort where a grimly determined child plays purpose eye through which characters as a master of this minor genre, ground and waiters cross the strain at the top, how all it lives for two duets, "Swing high, swing low," its wistfully elegant determined child plays purpose fully with a ball in the back as a master of this minor genre. clambered or in which they perched as on a windowsill, was ugly and awkward. Mozartian

If Britain has acted with characteristic independence by actually, inexplicably, closing its consulate in the self-styled "crossroads of Europe." the sombre mood here given to seat of the European Parliar of the measured of amorous seat of the European Parliar of the company and the standard of the charming little grey and attraction.

This combre reading the following the first of the charming little grey and attraction.

This combre reading the following the following the first of the charming little grey and attraction.

The latter was a young gilt auditorium of the opera who will tour with the Glynde-house some sounded small but the following the following the first of the parliar of the charming little grey and attraction.

This combre reading the following the following the first of the parliar of the parlia apart from a comic who plainly belonged to the straight theatre, not an ugly note was heard.

> as a master of this minor genre, ground and waiters cross the and the donkey song, "Trot stage from time to time in here and there," beloved of elaborate self-consciousness. generations of Palm Court Disneyland effects were not strains and deepening shadows duettists. Here it was stolen by avoided by the bitter of eagerthe vulnerability of relationary and apprehension on each the vulnerability of relationary as sandonically expressive as singer's face at the end of a any seen on a biped critic. The singer's face at the end of a beast in question gave a number song was endearing: so were the of ill-tempered shrugs in its umpteen reprises of the jolly beast in question gave a number of ill-tempered shrugs in its umpteen reprises of the jolly colleagues' territory may be attempts to unseat the soprano final chorus before a phlegmatically uninsistent audience. Though Alain Paris's conducting a Music Director at Covent Françoise Pétro's charm and was much too rigid for the garden and an early champion of Debussy's Pelleas, Messager is unfailingly musicianly, though at times he sounds like has worked at Glyndebourne) is unfailingly musicianly, though at times he sounds like has worked at Glyndebourne) is a British presence still lingers in Strasbourg after all.
>
> MARTIN HOYLE

production this autumn. Pos sessor of a light, French schooled baritone, tending slightly to strain at the top, he best-looking The production's naturalism was of the sort where a grimly

fully with a ball in the back

Chaka Khan/ Hammersmith

**Antony Thorncroft** 

Crowding them in at Hammer-smith is Chaka Khan, a rather chubby little lady who is being touted as the best soul singer since Aretha Franklin, as if

that rather grand lady was a thing of the past. In performance Chaka more nearly approaches Tina Turner. You can tell she aims for the MARTIN HOYLE notes with their teeth.

# Alicia de Larrocha/St John's

David Murray

siastic, audience to Smith Square for her BBC Lunchtime Recital on Monday. That must have been because of her unfamiliar all-Spanish programme, but it was still a mistake: the special delights of her playing are never keener than when she gambols in her national repertoire. At the last moment she chose to include a bit of Albéniz, presumably by way of reassurance—but too late, and anyway "El Puerto" (from the first book of Ibéria) hadn't the tingle she usually gives it.

The rest was vintage

Miss de Larrocha drew only a by Scarlatti's Spanish pupil modest, though properly enthusiastic, audience to Smith Soler were delectably treated. Spanishry in Oscar Espla's last piano piece, a "Sonata Española" sown with modernisms like glass-splinters, but always retreating to the safe Romantic vein that Grapados effectively exhausted. The pianist's effortless panache gave

pianist's effortless panache gave it fleeting life.

There were also four pieces from the Musica Callada of Federico Mompou, almost 92 and still thriving. Those required neither feux d'artifice nor any other sort of artifice, but only serene tact, for which Miss de Larrocha can be relied. Larrocha, if not particularly Miss de Larrocha can be relied ambitious music. Three sonatas upon

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday, Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

Jan 25-31



# Allied Irish Banks plc

announces that with effect from close of business on 29th January 1985 its Base Rate was increased from 12% to 14% p.a.

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## Andromache/Donmar Warehouse

**Michael Coveney** 

tation in their three-week Ware- able to Racine. house season is the British première of Racine's first great success, enthusiastically noticed Buxton Festival, Orestes arrives in Epirus after the Trojan Wars to confront Hector's widow, Andromache, and is sucked into a vortex of passion and recrimination which also involves Helen's daughter, executed, this might have Hermione, and Archilles' son worked. The acting, too, I Pyrrhus, the king of Epirus.

Each of this quartet has to struggle with the past while suffering in the present, and each has an attendant confident. The depth of the play's passion is thus sounded in a sort of mythical gavotte, old passions and current misunderstandings bouncing around like rubber balls, but rubber balls on

(director) and Nick Ormerod It is hampered by a translation by David Byer that strains after idiomatic ease but which fails entirely to find any sort of

Cheek by Jowl's final presen- rhythm, let alone a rhythm suit-

The show is set in a Mediterranean post-Second World War atmosphere, Orestes and Pylades resembling white-suited naval cronies of the young Prince Philip. The ladies all look like the Andrew Sisters, hair bunched in nets, lips rouged, heels high. If the costumes had been competently found uncomfortable to watch with the exception of Amanda Harris's Andromache, combining forcefulness with haggardness, and Sadie Shimmin's spittingly vengeful Hermione. In the end, though, this wide-

spread reduction of classic plays for studio and touring consumption is not a trend I welcome. In the case of an author like Racine, the prob-This was my first exposure lems of rhetoric and staging to Cheek by Jowl. The producture are ducked, rolled into a tion by Declan Donnellan cosily convenient fringe package cosily convenient fringe package with safety the norm and risk (design) is neat but unmoving, at a premium, The fringe methodology pioneered by Shared Experience and Joint Stock is in sore need of

WORLD ECONOMIC INDICATORS every Monday in the Financial Times

pears each Friday.

Theatre

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backthird-rate farce is a key factor.

(asa ooca). Andrew Lloyd Webber's rollerskat-ing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Dis-neyland, Star Wars and Cats are all influences. Pastiche score nods to-wards rock, country and hot gospei. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. Ameri-can Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108). On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue.

lother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Her-sey – with Judi Dench as a scaveng-ing, music hall and finally moving

Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Two Into One (Shaftestury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An in the old Whitehall

by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (3795399).

Waste (The Pit): Riveting RSC revival directed by John Barton of Granville Barker's 1907 once-banned play about a politician destroyed by an adulterous liaison leading to an abortion, a death and a suicide. Daniel Massey, Judi Dench, Charles

niel Massey, Judi Dench, Charles Kay, Tony Church and Mork Dig-nam in a stellar cast. (6288795). The Hired Man (Astoria): Worthwhile new musical of Cumbrian agricultural and war-time life, based on a novel by Melvyn Bragg. Persuasive anthems, marches and chorales composed by Howard Goodall, with a high standard of singing and mu-sical direction. Lyrics and book less secure. (7344287).

**NEW YORK** 

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hooling by a large chorus line. (977 9928).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's abullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his

down to the confrontation with his doting Jewish mother. (944 9450). Dreamgiris (Imperial): Michael Ben-

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200). A Chorus Line (Shubert): The longestrunning musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than

(239 6200), Noises Off (Brooks Atkinson): The Noises Off (Brooks Atkinson): The closest Broadway gets to the British furce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (2453430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to can-

French film manages, barely, to cap-ture the feel of the sweet and hilar-ious original between high-kicking and gaudy chorus (757 2626).

Brighton Beach Memoirs (Nell Si-mon): If he wasn't sure before, playwright Nell Simon can expect a long run of his hump as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theorem. the thearre after the generation's outstanding box office draw. (757 8846).

lengarry Glea Boss (Goldan): The Coreago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-shiring real estaba salesman against the world and each other. (130 6200):

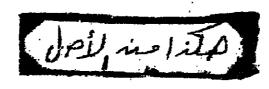
WASHINGTON

The Marriage of Figure (Folger): The company's own adaptation of the Bosumarchais artipt will also use Mozart's music and da Ponte's li-bretto in an ambitious eclectic pro-duction. Ends March 10, (340 4000). Boyal Shakespears Company (Opera House): With Broadway enthrelled with the repertory productions of Much Ado About Nothing and Cyri-no de Bergerar, stars Singad Cusack and Devel Jacobi are bound to have a successful Wachington

a successful Washington run as schoduled until Feb 17. Remody

TOKYO

Barefoot in the Park. The Japanese version of Natl Simon's piece directed by Tutaka Kobayaswi. Long Ran.
Theater, Shimokitasson (Tokyo's new thanks district). (414001).



# THE MANAGEMENT PAGE

# Why a U.S. trip was no holiday

operations director of the newly opened Bridgend plant of Align-Rite Corporation, a California-based manufacturer of photo masks for the semi-conductor

The 160, almost all from The 160, almost all from Glamorgan. Higher Education institutions, had applied for the 50 jobs created as a result of Align-Rite establishing its European operational base at Bridgend. And 37 of the successful applicants did, indeed, have the opportunity to test their abilities at the California plant because the U.S. fornia plant because the U.S. company decided to ship its Welsh recruits to its home base for a six-month training programme last summer.

The success of the programme can be judged by the fact that the Bridgend plant—officially opened yesterday by the Prince and Princess of Wales—has just two Americans to avarrage operations as it goes

Align-Rite's view of the 27 young Welshmen and women who went to California, was that they showed enthusiasm and tenacity in mastering what was for all of them an entirely

"FANTASTIC." "Can't fault it in any way." "J s the only way it should be done." These were typical reactions of those who undertook Align-Rite's training programme.

For Haw Fraser, 24 (right) what he describes as "an exceptionally interesting job " arrived after eight months and dozens of job applications. His grasp of the tech-nicalities of the business so impressed the company during his Californian stay that he was given the task of carrying out acceptance trials there for 54m of equipment now installed in the Welsh plant. He now heads the computer aided design department—yet with an OND in engineering and a subsequent degree in mechanical engineering from the Polytechnic of Wales, near Pontypridd, he saw a career originally in production

Robin Reeves on Align-Rite's training policy "THERE IS a goldmine of new technology—and they talent here. The general level of academic achievement and technical disciplines is way ahead of California: I would have hired any one of the 160 have hired any one of the 160 there of inward investment away."

The speaker was Jeff Lee, was a local director, save that as a local director, says that this is the first time, in his experience, that any overseas company has undertaken a training programme of such

> In one sense, Align-Rite had no option. By U.S. standards, it is a small company, with a total Californian workforce of 120. It could ill afford to second a significant number of its key personnel to Wales to get the new European facility up and running.

magnitude.

running.
On the other hand, photo mask making was previously unknown in Wales, so there was no expertise to be recruited locally. The way forward emerged when the Welsh Office agreed to make a generous grant

to oversee operations as it goes vital function in the design, into production. con chips.

workforce Jeff Lee eventually selected last year had to their sons and daughters, backgrounds mainly in physics. They were housed in a flats mathematics and engineering complex close to the Californian but some held qualifications in facility and training took place time difference—and the acceptance trials of the equipment to be installed in the new Bridgend facility. eventually selected last year had



L to r: John Traub, Meirion Lowis and Jeff Lee with (seated) James MacDonald, the U.S.

business studies. Half were men and half women mostly in their late teens or early twenties and, coming from an area with a 20 per cent unemployment rate; a large number had been looking for a job for periods of up to a

Lee's view of the calibre of the applicants is shared by his colleague, John Traub, who decided to come over to manage the Bridgend plant because he and his wife felt that their children would have a far better education in Wales than back home. Traub is now managing director at Bridgend.

To allay any anxieties, the company laid on a reception in a Cardiff hotel, before departure to explain to parents pre-cisely what would be happening

in a leased adjacent building equipped with offices, a theatre and visual aids. After three months, mainly in the classroom — less than originally envisaged—trainees pressed for more "hands on" experience in the manufacturing area in accordance with their chosen specialisations.

Local management and supervisory support was gradually withdrawn until, for the last six weeks, the Bridgend workforce weeks, the Bridgend Workforce
were running the Burbank
plant alone during a newly
created night shift. This
involved not just the manufacturing side but also European
sales—it is easier to talk to
Europe by phone from California at night because of the time difference—and the accept-



engineering, and certainly not in computing.

A careers talk by Jeff Lee prompted Roz Davies (far right) to apply, and to her surprise she was accepted. "I thought they really wanted

people with a computer or maths background," says 20-year-old Roz, who with nine "O" levels and "A" levels in English, Sociology and was set on a training course

She found the Californian training schedule harder than she expected, but performed well enough to end up as head of the department that shrinks down silicon chip designs to their final size.

# A British military theory finds favour among Japan's businesses

Nigel Campbell explains the popularity of the Lanchester strategy

THE CONNECTION between F. W. Lanchester, who designed one of the first British cars, Admiral Lord Nelson, the famous British naval hero, and a modern Japanese marketing consultant is not one that immediately springs to mind. And yet to the Japanese business community this eccentric link is becoming increasingly familiar as managers learn of the military strategy used by all three to great effect.

The consultant in question is Nobuo Taoka, who, since its foundation in 1976 has turned his firm, Lanchester Systems KK, into one of Japan's leading marketing consultancies. company bases its advice entirely on Lanchester strategy, a strategy of military confrontation developed by the British engineer and mathematician F. W. Lanchester which adds considerable weight and preciconsiderable weight and precision to the well-known American principles of market segmentation and "niche strategy." Since its emergence from the shadows of history in the early 1970s, Lanchester strategy has reinforced the Japanese tendency to adopt a "laser beam" approach to market penetration into one precise segment after another, until the onslaught becomes a veritable "cascade" into the market as a whole.

It was quite by chance that Taoka came across a cursory reference to Lanchester Strategy 30 years ago in a Japanese government document. He was intrigued to discover that it had been used by the U.S. Navy against the Japanese during the war in the Pacific. Along with a colleague, Taikohboh Onoda, he began seriously to research Lanchester's military principles and to develop ways of applying those principles to business

Over the past 13 years, Taoka's ideas have become wellknown and widely accepted in Japan. Tokyo bookshops have shelves full of his works, shelves full of his works, including such titles as "Lanchester: An Introduction to the Strategy" (published in 1972), and more recently, "Practical Applications of the Lanchester Strategy" (1982). Total sales of his books have reached over 1.5 million copies and, on top of that, 1,000 copies of a three hour long tape slide lecture have beensold to companies throughout Japan.

Taoka's following among the Japanese business community is such that two Lanchester Clubs have been founded, in Tokyo and Osaka, at which the practical applications of Lanchester Strategy are regularly discussed by senior executves from large organisations such as Matsushita, Sumitomo and Kanebo cosmetics, as well as from smaller enterprises.

A latterday Leonardo da Vinci, F. W. Lanchester was responsible for far more than the construction in 1985 of the first in a line of pioneering British cars. He filed more than 400 patents and wrote on such diverse subjects as music, poetry and serodynamics. It was during the great war that he published his work on the theory of conflict.

## Man-to-man

He developed two laws to govern military combat. The first applies to ancient warfare where the battle is a series of man-to-man duels. In this case the fighting strength of an army is proportional to the efficiency of its weapons times the number of troops. The second law applies to modern warfare. Here, the fighting strength of an army is propor-tional tothe efficiency of its weapons times the square num-ber of troops. The square function arises because in a modern battlefield concentration of fire power is possible and the larger army is able to wipe out the smaller army at a much greater rate than might casually supposed

Based on Lanchester's work. Taoka has built a quantitative framework for the analysis and formulation of market share strategy. It gives particular strategic significance to certain market share targets, to the degree of market share dif-ferences between competitors, and to the overall market share "patterns" that these create.

The over-riding message from Lanchester's second law is the importance of concentration. Although Lanchester was the first to show the effects ready to invest more heavily in mathematically, the importance of concentration has been to broaden its range of product and operations researchers. Intelligence reports suggested to Lord Nelson that he would leaders combine all three strate-

would be defeated. He therefore planned to sail his ships
through the middle of the
enemy fleet. Having boldly cut
the enemy in half, he then
planned to concentrate his
ships on encircling and attacking one half of the opposing
fleet. With the square law in
his favour, he would achieve
such a crushing victory over
one half of the enemy fleet that
he would still have enough one half of the enemy fleet that he would still have enough ships to take on the second half with some hope of success.

The taken half victory over the refined by considering the most appropriate course of action for companies, with various rankings within different market characteristics. For today's business stra-

tegist, intent on entering a new market, the concept of concentration by splitting the enemy force, and attacking one part at a time, is one of the most important to be derived from Lanchester Strategy. Another is the principle of aiming for dominance, which follows from the extra stability gained from a high market share. The third is the principle of target separation. Strategy must distinguish between smaller competitors, which can be attacked, and larger competitors against

Combining the principles of dominance and concentration, it becomes eminently clear that market penetration depends on building a series of strong posi-tions in different segments of the market. Wherever possible, Taoka recommends divinding the market geographically, as well as by product and consumer category.

This was part of Canon's strategy against Rank Xerox in the UK in the late 1970s and early 1980s. First its resources were concentrated on Scotland. Having captured about 40 per cent of the market, Canon began to attack selected and tightly defined regions in England, before making a deter-mined push in London with a numerically much larger sales-

by achieving dominant posi- it is unfortunate that Lantions in a series of geographic chester's followers in the West markets the newcomer is then ready to invest more heavily in are largely confined to the product development in order narrow worlds of mathematicians

position.

Dr Nigel Campbell is a lecturer
Persistently dominant market in strategic management at

have fewer ships at Trafalgar gies—they have national coverthan the combined French and Spanish fleets. If he did battle centrate particularly hard on product development and differentiation. Thus Pedigree Petfoods has used its comprehen-sive product range and regular launch of new products to hin-der attempts by Unilever which possesses low-cost raw materials and considerable marketing strengths, to penetrate the British petfoods market.

These strategies can be furmarket share patterns. Take the strategy for market leaders. At ne end of the scale—a premium "market where it has over 42 per cent and fulfils other conditions—it can rely mainly on innovation and pro-duct development to defend its various market segments. But at the other extreme, where no company has over 26 per cent of the market, the market leader must take all sorts of action to achieve a more stable position. This may include trying to acquire competitors, and taking advantage of newly which the company must pro- emerging parts of the market to make a pre-emptive strike.

## Segments

The strategies for companies ranked number two, three or four are roughly similar to each other in all of the market share patterns. Like newcomers, they must look for segments of the market which they can dominate, and which wherever possible are insulated from the attack of stronger companies. This may involve attacking other "followers" in order to build a stronger position for the final attack on the market leader.

Of course, business strategy is more than just market share strategy. But given the emphasis which the Japanese place on Having penetrated the market this aspect of corporate strategy are largely confined to the

Dr Nigel Campbell is a lecturer



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# Challenge for the City

new framework for investor pro-tection in the UK comes just in land, but the Governor will time. Existing legislation is outdated and incomplete. And the upheaval which is now changing the shape of the City of London has added real urgency to the debate, since the present rules are not able to cope with the new competitors and trading practices which are emerging. Although there are reserva-

tions about the structures being proposed by the Government, there are no quarrels with its guiding principles. These in-clude a welcome emphasis on maximum disclosure and competition in order to give rein to market forces. The objective is to produce a clearly understood set of general principles which will be rigorously enforced and which will ensure fair treatment between different products competing in the same market. It is also right that self-regulation should play an import-

The proposals will make it an offence to engage in a broadly defined rangeof investment activities without official authorisation. The powers to provide such approval will lie ultimately with the Secretary of State, but in practice he will delegate them to separate regu-latory bodies which will have considerable autonomy and be manned largely by practitioners.
The Government has an open
mind about whether there
there should be two such bodies
— splitting packaged investments like unit trusts and life policies away from the rest or one. Since the memberships would be bound to overlap considerably, there is a strong argument for just one.

### Limited powers

Whatever the number, the new bodies will be unique hybrids. It is unprecedented for a statutory power of authorisation to be given to a private-sector body.
Once they are up and run-

ning, the Secretary of State will have limited powers to change their rules, unless they are deemed anti-competitive or clash with the UK's interna-tional obligations. He will be able to withdraw his authority only if the new bodies fail to fulfil their prescribed task. He board who should be appointed will be able to hire and fire within a few weeks. will have the chairman of the securities an absolutely key role.

THE White Paper proposing a agency, in consultation with the have the final say in the appoint-

ment of other board members. Behind this approach lies the belief that a private-sector body will be better equipped to react quickly to a fast changing market placethan would a statu-tory agency, which would be more directly answerable to the Government. It should also be less bureaucratic, and the costs well be met by users rather than taxpayers. The system has been designed to make it difficult for future governments to change its character without ne wiegislation. It has also been aimed at securing the support of the City, which will have to provide most of the necessary

The argument against this is that a system which is run mainly by market practitioners will become the captive of those whom it is supposed to be regulating, and will fail to take account of the broad public interest. The regulators will be unwilling to make waves since thay will be stand. waves, since they will be stand-ing in the water themselves. With this threat in mind, the White Paper puts forward some important checks and balances. Board members will include users and lay members as well as practitioners, and their rules will be scrutinised for anti-competitive elements. The boards' annual reports will be laid before parliament, and an independent tribunal will be set up as a final court of appeal

against the boards' rulings.

We have argued in favour of
an independent statutory
agency rather than the Government's approach, on the view that such a body would be better equipped to handle the powerful financial conglomerates which are emerging in ar increasingly international market place. The ball is now squarely in the City's court. If the White Paper is to be credible, the City will have to show in the next few months that it is willing to commit the substantial resources—both in terms of money and high-grade personnel—that will be needed to make the proposals work. The chairman of the securities

# No consistency on aid policy

THE British Government's ting back its contribution to approach to overseas development appears to revolve around three basic precepts: to further British commercial interests in the Third World; to encourage the Third World; to encourage the state of the World Bank,

Having cut the IDA down to \$90n from the \$12hn demanded by all the other aid departs the the Third World; to encourage som from the \$120n demanded more market-oriented economic by all the other aid donors, the developing countries; and to concentrate aid on those countries which are truly needy and are likely to make productive to make productive to make productive to the positions of Germany and the productive truly needy and are likely to make productive to the positions of Germany and the productive truly needy and are likely to make productive truly needy and are likely t tive use of British resources. By Japan are less rigid, but still the end of this week, the Government will have stood all of ency. Although these countries these principles on their heads, originally supported a \$12bn if, as expected, it refuses to IDA, they blocked a bid last

chance of the World Bank and Germany as a pre-realising its hopes of raising dominately French and Anglo-Sibn spread over three years. Saxon sphere of influence. This was originally considered The British Government's to be the bare minimum the simply simply improved the same simply improved the simple simple simply improved the simple simpl

## Cutting back

Britain, Germany, Japan and the U.S. have all endorsed strongly the philosophy of tying development aid to major economic policy reform. The new facility is being proposed precisely because of the World Bank's perception that the current crisis in Africa presents an unprecedented opportunity to win the acceptance of new economic policies in African countries where markets and competition have been anathematised for 20 years. Never-theless, it appears that these four countries will be unable to find the relatively small sums -no more than \$50m a year each-required to join the new

facility.
The U.S. response has at least situation which made the Africa support the cre-programme necessary—by cut- Africa Facility.

if, as expected, it refuses to IDA, they blocked a bid last participate in a new development facility being organised by resources with a further the World Bank to assist general fund, to be contributed African countries which agree to undertake major programmes on a voluntary basis by non-accountries. It was never likely that that they would respect on the participation of the programmes of economic reform. of economic reform.

The Africa facility is likely would respond enthusiastically to be launched at a meeting of to an Africa facility, particuaid donors in Paris tomorrow larly because sub-Saharan and on Friday, but there is little Africa is seen in both Japan and Germany as a pre-

new fund would require to make simply incomprehensible, a significant impact on living Britain was in the lead last year a significant impact on living britain was in the lead last year standards and policy reforms in urging the creation of a sub-Saharan Africa. Indeed, it is now probable that the Africa The Foreign Secretary has since Facility will be created with the support of only one out of the five leading industrialised countries—France. in the future.

> Africa facility is its desire reduce the proportion of multilateral spending in the aid budget—running about 47 per cent, well above the inter-national average of 31 per cent. But why should Britain prefer bilateral to multilateral aid? If it is to promote British exports, then Britain's key position in African markets sh in any case bring benefits to exporters, from spending by the World Bank through an Africa Facility, which may well limit procurement to countries which

participate.

If the aim of bilateral aid is to ensure recipients follow appropriate policies, then the surely cannot had the virtue of consistency and plain speaking. The Reagan Administration has strongly advice from British civil seropposed expansion in the World vants than to listen to the Bank's financial resources and World Bank. The arguments are was largely responsible for the overwhelming for Britain to support the creation of the new

BRITAIN'S National Coal Board may be about to win the most bitter industrial dispute for decades. But a further, tough—some say insurmountable — task will remain. This is to show that it has a social conscience in easing the problems of com-munities whose pits it closes. Belatedly the NCB is having

a go, by setting up a subsidiary. NCB Enterprise, to help create new jobs where it has axed the old ones. But even some senior Coal Board executives have private reservations about how much can be achieved. The company has been

operating since October with a budget of £10m, of which nearly £700,000 has so far been committed. Eventually its funds may be raised to £25m. Its real test will come when the strike ends.

The Board is hoping for a

surge of applications for re-training or help in setting up businesses from the 20,000 miners who have expressed interest in redundancy payments of up to £33,000. It also wants

to attract outside companies.
Old hands in the job creation
game say the NCB faces frightening problems. For one thing there is far less mobile invest-ment about than three years ago, and hotter competition to attract it. For another, it wants to lure companies to villages where morale may be low or industrial relations soured by the acrimonious strike.

Areas like that around Cortonwood in South Yorkshire, for example, whose proposed alogues sparked off the

posed closure sparked off the strike, are littered with derelict pits, coke plants, steel mills and slagheaus—the detritus of the ndustrial revolution.
It will be hard enough to

attract conventional enter-prises, let alone those in hightechnology electronics. Says one observer: "I wouldn't advise a business to go to a mining village now."

Another adds: "Coal miners are unlikely in the main to turn

out to be good entrepreneurs. The whole system has been dominated by a paternalistic union and a paternalistic em-Mr Merrik Spanton, chairman of NCB Enterprise and Coal Board member for per-

sonnel, disputes this gloomy view. He says miners are resourceful and self-sufficient. The NCB is the latest in a line of large companies to devote resources to job creation. In the private sector Marks and Spencer, Shell, ICI and National Westminster Bank are among those which have contributed to local initia-tives, though in aggregate, but many of the steel closures state.

AFTER THE COAL STRIKE



# New jobs: the battle to keep communities alive

By Brian Groom

funds remain in relatively short were in sizeable towns with a and private investment creatsupply. According to an esti-mate by Business in the Community—set up to encourage such local involvement — the end of narrow, winding spend about 0.1 per cent of pretax profits on community projects compared with 2 to 5 per cent by some U.S. companies.

NCB Enterprise, meanwhile, is the involvement — the end of narrow, winding spend about 0.1 per cent of pretax profits on community projects compared with 2 to 5 per cent by some U.S. companies.

NCB Enterprise, meanwhile, the interprise of the steel-works four years ago. The solution of the BSC works and another lesson: however such creation efforts, they fall far short of a complete answer to the companies of which only 70 predate the closure of the steel-works four years ago. The solution of the BSC works and another lesson: however such creation efforts, they fall far short to 12 per cent—but by last summer it was back to 12 per cent. munity—set up to encourage such local involvement —

is taking advice from BSC In-dustry, the job-creation com-pany which has spent or in-vested about £50m since it was set up 10 years ago by British Steel. BSC Industry claims to have been outstandingly suc-cessful. It has helped create

tradition of union co-operation and reasonable communications -not small, isolated villages at

the unemployment problem created by closures in heavy industries. Many of the former steel towns still have jobless rates of more than 20 per cent.

Take Corby, for instance. Thanks to the combination of a central location and the kind more than 20,000 jobs so far and expects to add another 16,000 by 1986.

The Coal Board would be pleased if it could emulate that. But it remains a big if. BSC's problems were hore in scale distriction and BSC Incomplete the problem of the public authorities and BSC Incomplete the problems were hore in scale distriction and the kind are incompleted in more remote areas, the town has undoubtedly been successful. The local development centre, supported by the public authorities and BSC Incomplete areas attented. dustry, has attracted £500m of state, European Community

in timescale and geographical ing 6,000 new jobs.
The town now has 350 companies of which only 70

it was back to 16 per cent. No one, however, claims to be fully satisfied. A redrawing of the travel-to-work area las

pushed unemployment up again to 20.2 per cent, Some observers are surprised that the NCB did not set up a to monitor companies closely. It joint venture with BSC Industry, and believe the reason with premises through rent was that the Coal Board desperately wanted to be seen to be doing something of its own.

Mr Spanton denies this, saying

the NCB scheme is indepen-dent because it will be different

spread.

NCB Enterprise is, nevertheless, learning lessons from its steel counterpart. BSC Industry will help the Coal Board by training NCB personnel, and is helping it evaluate major projects. Five years ago BSC Industry switched from easy leasing deals

(which were virtually grants) to loans. It thus became more cost-effective, cutting its contri-bution per job created from £1,400 to £500. NCB Enterprise plans to pro-vide equity or loan finance, and

subsidies or converting ex-NCB

buildings.

The NCB also intends to support or create local enterprise agencies. (BSC Industry has agencies. (BSC Industry has will be a lot better than withdrawn from a direct role in nothing.

its 18 "opportunity areas" but supports independent agencies there. The Coal Board has already agreed to back 17 of these, and plans aventually to support a network of 25

Cutsiders say the Coal Board was unwise to loaist that companies qualitying for assistance should be "firmly committed" to drawing at loast half their work-force from former NCB employees. BSC Industry never insisted that ex-steriorchers should be employed, preferring to create job eppertunities of any kind in greas where these here here loat. Now NCB Enterhave been lost. Now NCB Enterprise is prepared to be more

flexible.
Critics still fear the NCB scheme will encourage miners. with no entrepreneurial experi-ence to sink their redundancy money in dubious ventures.

Money in cutorius ventuaria.

A key question ist how genuine are the new jobs.

Trade unlenists make constant claims about "cowboy" eniphyses who set up paying low wages and fice when the incontives run out. Corby trades council says many factories are paying wages of 150-80 a weak.

Mr Fred McClenaghan, who is in charge of the town's development centre, refutes the "cownor charge. The local failure rate of 20 per cent among new ventures is similar to that of BSC industry in general and below the national average of a third.

third.

In BSC Industry's case local job displacement has probably been small—some towns were so dependent on steel that there was little other industry. to displace. On the other hand there has been a shift of jobs between different areas of the

country.

The evidence is sometimes confused. One fire appliance maker cut, its workforce from 500 to 150 when it moved from Essex to Ebbw Vaic, but. RS Components expanded from 650 to 1150 appliances when it to 1,150 employees when it moved from London to Corby.

NCB Enterprise is aware of the dangers. It will try to create genuine jobs by linking up with the Manpower Services Commission to meet some of the skill shortages which have appeared in the economy.

More amhittously. NCB
Enterprise is trying to identify
products which could take the
place of imports.

place of imports.

NCB Enterprise will never completely offset the effect of pit closures. The best it can do is bring hope that a limited amount can be done to reverse the climate of decline and despair. But if it succeeds, that

# WHY SOUTH HUMBERSIDE'S DREAM HAS NOT YET COME TRUE

IN THE autumn of 1982, Mr For the unemployment rate in Patrick Jenkin, the then Industry Secretary, opened a collection of 30 workshops set up by at 25 to 28 per cent. In the BSC (Industry) in the South meantime, some tentative confluences to the steel town of Scunch Parks of t thorpe.

The workshops stand in the prise. shadow of the defunct • Very few of the 65 businesses Normanby Park steelworks, which have tried their hand in shut the previous year with the of steel employment that has one or two-man businesses with cut the corporation's Scunthorpe workforce from 20,000 to 7,400 no ex-steelmen have been in-In front of the TV cameras,

Wr Jenkin acknowledged that the workshops could play only a small part in job creation— but he hoped they would be the seedbed for some companies expand. it, only one—three men Since then it is clear how dismantling vehicles — involved

may be relevant to NCB Enter-

the workshops have been set up some failures. Moreover, almost volved in the creation of busi nesses assisted by the South Humber Business Advice Centre (SoHBAC) formed with BSC assistance in 1983 to stimulate employment. Of the 85 projects helped by

budding entrepreneurs out of ex-BSC people," says the local chamber of commerce.

 The business advice centre is not in the business of making is not in the business or manny steelmen into entrepreneurs, but in "creating employment opportunities" in the widest sense. SoHBAC has helped a to expand or come into South Humberside, but it is questionable what direct benefit has accrued to former BSC workers from the 400-500 jobs created in this way during the past 18

women. The largest company assisted by the business advice centre, for example, is Intermode G, a Nottingham-based clothing manufacturer employ-ing 130, mainly female staff, in Gainsborough,

SoHBAC has assisted many smaller and generally male-employing companies in Scun-These companies, though, require some skills most steelworkers do not have, and it is unclear how many ex-steel-

facturer J. Jelline The other is from companies

arriving in Scunthorpe on the back of regional aid and includemploying companies in Scunthorpe like Vogt Timber, an enginering company designing It will become more difficult for Scunthorpe and other areas tic and resin-coating concern. These companies, though the second content of the second content o attract new industry, however, mantling and building comif the Government phases out pany based on the Normanby or steeply downgrades regional Park workshop site which has assistance.

Since then it is clear how dismantling vehicles — involved A very high proportion of major sources. One is the took redundancy appear to have painful job creation has been ex-steel corporation workers, these new jobs — and of those expansion of sizeable estab- either dropped out of the jobs

market, settled for retirement or are still looking for a job. The great dream that they could set up their own business councillor Some companies begun by

former BSC employees have got off the ground. Trevor Millson, for example, has an expanding brick-laying company—but his biggest customer is BSC itself, which has contracted out refrac-

tory work.

Don Ross is a director of expanded to 23 employees in

Nick Garnett

## Well-set

## in Whitehall

Fashionable commentators draw a grim picture of the civil service in Britain today. They tend ao depict a downhearted army on the retreat from politicians attacks, its morale sapped by job losses, low pay, ethical anxieties and repeated mole-

bureaucrats are blooming. They may not look it as they

terday, spells out the rough, robust facts and figures: The premature death rate of UK civil servants is little more than half that of other compar-

The only coherent justifica-tion the Government can give for its reluctance to join the

# **Men and Matters**

falling.

But this, it seems, is mere conjecture. The truth is our

pad, pale-faced and brows fur-rowed, in their (generally) crupled Marks and Spencer suiting along the corridors of power, but Whitehall's mandarins are quite disgustingly healthy. And that is official: A report- The Health of the Civil Service - published yes-

able age groups in the country. Most civil servants can expec to draw their pensions for at least 13 years after they retire. They are off sick only about half as often as other workers

found a way of taking it"

thousand civil servants retire prematurely because of ill-Little wonder that the Civil

Service Medical Advisory Service, which produced the report, allows itself a gentle pat on the back. But then again, civil servants

have been taking their health seriously for some time. It was over 250 years ago — in 1723 — that the Board of Customs and Excise first appointed a doctor, on a part-time basis, to look after its eployees.

As the report says, since then the "concept of medical care for civil servants has developed

## Amazing feats

Every time I think I have written the last word about Japanese enterprise and ingenuity. up pops another example to confound me.

This time it comes from a

Japanese chemical company, called Chuel Spotting a barely noticable gap in the market, it bas produced a liquid which, when applied to your legs, will prevent your socks slipping

According to KEA Development, the UK-based consultants, the new product, "Quick Touch" omes in a plastic container with a sponge tip. A few dabs, the company calims, will hold ocks in place all day, even during strenuous exercise. Executives suffering from cold feet as opposed to limp socks, however, should turn in-

stead to the U.S. for help from a new product called "Fire Made from herbs, the stuff

and the rate of absense is can be sprinkled into socks and will keep your feet warm for up to a month, the manufacturers ciaim.

## Space ban

The French get a little upset from time to time about the infiltration of Anglo-Saxon cul-ture into their way of life and no wonder.

Telephone callers waiting to be connected at one Paris office
are entertained by a rendering
of that mournful, backwards
glancing ditty, "Yesterday" by invitation within a week. Paul McCartney, of Beatles

Not quite what you would ex-pect from one of the country's most thrusting and progressive organisations, the national space

# Smoke signals

The message that smoking is bad for business is getting through to more British com-

Employees at Whitbread, the brewer, Hoechst, the pharmaceutical firm, and an investmen bank that prefers to remain nameless, have this week started a two-month course run by an organisation called Habit Breakers.
Such is the enthusiasm at

Whitbread for the scheme that management is offering to re-imburse half of the course fee (about £200) to those who keep off the weed for six months. Simon Morgan, a self-confes sed ex-smoker, who runs Habit Breakers, is hard-hitting when he points out to managements just what the smoker can cost

a company.

"Forty per cent of heavy smoktrs die before retirement

age, compared with 15 per cent of non-smokers," he says,
"While people who smoke more
than 20 a day have twice as
much time off work due to illness as do non-smokers."

## Latin style

Mrs Thatcher's advisers have made an interesting move that shows a certain sensitivity to the wanderings of Opposition leader, Neil Kinnock.

She has agreed to meet Sergio Ramirez, Nicaragua's new vice-president, who is to make an unofficial visit to London next month.

The Sandinista government approached Number Ten hardly expecting a positive response in view of Mrs Thatcher's close support of President Reagan's cool policies to the left-wing Nicaraguans. To the Sandini-Mrs Thatcher's response

with Kinnock's well-publicised presence in Managua for the inauguration of President Daniel Ortega recently. Kinnock even managed to make world headlines when dragged from his bed to meet

the Cuban leader Fidel Castro. Watching from the sidelines as Mrs Thatcher meets a man from the government that the U.S. believes is bent upon exporting revolution, will be former prime minister Edward

Quietly Heath has upstaged both Kinnock and Thatcher, He has established through his Brandt Commission activities a friendship with Castro that last autumn led to him visiting

# Golden rule

The directors of a City bullion firm thought it might be useful to have a slogan to promote business and asked the staff for suggestions. One entry was: "Ingot We Trust."

Observer

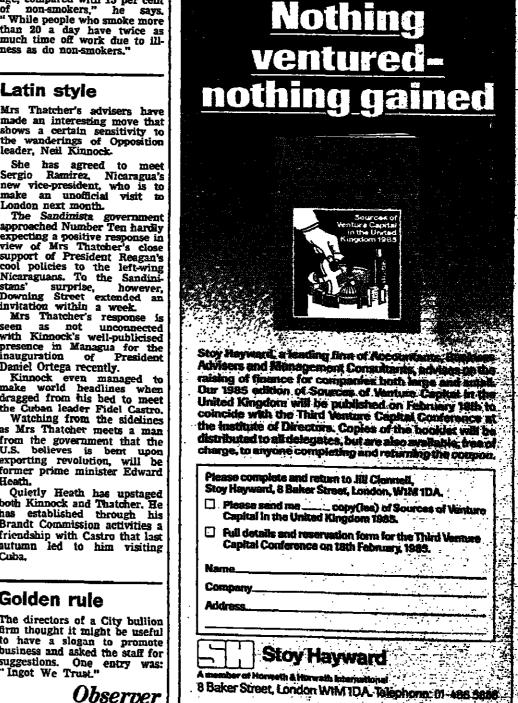
created by the expansion of in- lished companies which digenous companies — are for often absent in the older coal women. The largest company assisted by the business advice these have included Sooner these have included Sooner could set up their own business Foods employing 1,600, Corah has gone bust," says one local making ladies undergarments and builder and systems manu-

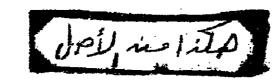
suffering economic stress to Mulvin Engir

workers have retrained for such jobs.

• Women have become much more influential as breadwingers.

• New jobs have come from two ners. Many ex-steelworkers who not a labourer.





IN THE portrait gallery of former incumbents of the Spanish Foreign Ministry in Madrid one figure stands out from the rest. Unlike his distinguished colleagues who have gone down to posterity in languid drawing room poses, Senor Fernando Maria Castiella is depicted standing pugnaciously with one hand in pocket in front of the Rock of Gibraliar, the monument to his major achievement. For it was major achievement. For it was Sr Castiella who, as General Franco's Foreign Minister, closed the border between Spain and Gibraltar in 1969 in what and Gibraltar in 1969 in what proved to be a vain attempt to force Britain and the population of Gibraltar to transfer sovereignty over the Rock to Spain.

Today, as intensive preparations are being made for next Tuesday's full re-opening of the border following the agreement reached in Brussels last November by Sir Geoffrey Howe, the British Foreign Secretary, and Sr Fernando Moran, his Spanish opposite number, Spain's previous hard-line stand is no more than a bad memory.

than a bad memory. Though it would be an illusion to believe that there has been any fundamental change in Spain's attitude towards sovereignty over Gibraltar, under Sr Felipe Gonzales's Socialist government it has radically modified both its strategy and tone. General Franco's notorious dictum that Gibraltar would fall into Spain's lap like a ripe fruit if enough pressure was exerted is considered powadays to have been a complete misjudgment.

Instead of ripening, the fruit as become harder and the Gibraltarians more resentful as a result of the Spanish freeze, which has caused both economic and social hardships on the

No one is more aware of the counter-productiive effects of Spain's previous policy towards Gibrattar than Sr Moran, whose "softly, softly" approach has contributed in no small measure to the current detente between Britain and Spain over

Sr Moran, at the risk of losing political support at home, has not hesitated to proclaim publicly that the solution to the Gibraltar problem is necessarily a very long-term affair and that nothing can be acheived without the consent of the population of Gibraltar.

That kind of language created the right climate for the Brussels agreement, which involved tar is described as "Europe's important concessions by both sides. In return for the lifting of all border restrictions—in weight now as a 270-year-old 2, the Spanish Government had made a first gesture by opening the frontier to pedes-trian traffic only—Britain accepted for the first time that

The full re-opening of Gibraltar's border

# Ready to roll on the Rock



Since even the Spaniards admit that the people of Gibraltar, in their vast

majority, are not in favour of a transfer of sovereignty from

Britain to Spain, there appears

to be little room for progress on this crucial issue for a long time. Paradoxically, that suits both governments, though Spanish officials would die

rather than admit it in public.

The gradualist approach of the Spanish government to the issue of sovereignty is not

based only on the conviction that this is the best way of winning the hearts and minds of the Gibraltarians

Spain's policy is influenced at least as much by the realisation

that any agreement on a transfer of sovereignty would immediately face the Govern-ment with a full-scale external

and domestic crisis which could well undermine the very foun-dations of the young Spanish democracy. For King Hassan of Morocco has made it clear

that he is waiting only for that moment to pounce on Spain's North African enclaves of Ceuta and Metilla.

The uncompromising official Spanish position is that the two

enclaves are an integral part of Spanish territory and will remain so for ever.

Robert Mauthner, Diplomatic Correspondent, considers the issues likely to be raised at next week's talks in Geneva

real breakthrough. The Lisbon Declaration of April 1980 also contained a similar trade-off, but stated merely that negotia-tions would be held to over-come all the differences between Britain and Spain on Gibraltar. There was no specific mention of the word "sovereignty," however, a fact which led to the disavowal of the agremeent by public opinion and the failure by the Spanish Government to implement it.

Having succeeded in per-suading Britain to accept the principle of discussions on sovereignty, there can be no doubt that the Spanish delega-tion at the Geneva talks, which been timed to coincide with the opening of the Gib-raltar border, will bring up the issue at the very beginning of

the meeting. The present Spanish Government does not, in fact, question Britain's legal claim to Gibraltar, which was ceded to it under the Treaty of Utrecht of 1713, though Madrid does dispute Britain's right to the isthmus on which Gibraltar airport has been built.

Spain's own claim is based essentially on geographical and

Despite Sr Moran's emphasis on gradualism, collaboration and consent by the Gibraltar accepted for the first time that population, the British delegation arrangement the issue of sovereignty over tion in Geneva, which will be the people of Gibraltar would be discussed at led by the Foreign Secretary, pass under the special state of all the suppressed wishes.

aspects of the Gibraltar A certain ritual has to be respected when two nations have not been talking to each other about their most burning mutual problem for as long as Britain and Spain have. Besides, both have their domestic publle and political opinion to worry about, so a certain amount of initial posturing is

in order. For Sir Geoffrey Howe, who will have Sir Joshua Hassan, the veteran Gibraltar Prime Minister, at his elbow, the riposte to the presentation of Spain's case on sovereignty will be equally predictable.

No doubt, the voluminous legal tomes on the Treaty of Utrecht and other relevant documents will make their dusty apparition at the Geneva conference table. But Britain's most telling argument is enshrined in both the Lisbon Declaration and the Brussels agreement of November 1984, which has resuscitated the

which has resuscitated the earlier document.

The British Government will fully maintain its commitment to honour the wishes of the people of Gibraltar as set out in the preamble of the 1969 Constitution, the Brussels

agreement says.

The preamble to the Constitution, which granted substan-tial internal self-government to Gibraltar, states in the clearest possible terms that the British Government "will never enter into arrangements under which the people of Gibraitar would pass under the sovereignty of another state against their freely and democratically

the country in the event of any Moroccan military action annex the enclaves.

Spain therefore needs time perhaps as long as 10 years—to accustom its people that there is a logical and inevitable linkage between the problems of Gibraltar and the North African enclaves. The long time-scale envisaged should at least ensure that Madrid will not block progress on the more practical problems, such as air links between Britain, Spain and Gibraltar and economic, touristic, military and cultural co-operation, which both sides have agreed to discuss.

Britain, Gibraltar and Spain all believe that the opening of the border will lead to a big boost in tourism, with its usual economic spin-off, both on the Rock and in its debressed Spanish hinterland, the Campo. The Spanish Government clearly hopes that the progressive economic integration of Gibraltar with the Campo will

eventually lead to a political solution of the kind cautiously foreshadowed by Sir Anthony Kershaw, the Conservative chairman of the House of Commons' Foreign Affairs Committee. Gibraltarians. he said during a recent debate, might eventually find it possible "to live in a Spanish dimension, remain so for ever.

As long as the British plug remains firmly embedded in the Rock, Madrid's position on the enclaves remains just about tenable. Once that plug is pulled out, Spain would find it much more difficult to counter Morocco's claims. What is worse, the Spanish Socialist Government might not be able to stem the right-wing nationalistic tide which could engulf without losing their identity."

That phrase leaves many question unanswered. But it is at least a reflection of the more open-minded attitude now prevailing in both London and Madrid, and augurs well for the negotiations on practical issues likely to dominate the first phase of negotiations on Gibraltar.

longer be afforded By Joyce Starr

ISRAEL'S PRESENT economic crisis was discovered by the incentives (the Israeli worker international Press—and by incentives (the Israeli worker), by enormous tax discipants of the highest taxed in the world, and by annual army reserved duty for men between the highest per capita in the world, and by annual army reserved duty for men between the highest per capita in the world, and by annual army reserved duty for men between the world, and by annual army periods ranging from 45 to 90 days.

It is impossible to discuss Israel's economic policy without reference to the Histadrut labour union. The Histadrut was established in Palestine in were not simply the result of the lights taxed in the world), and by annual army reserved duty for men between the world, and by annual army periods ranging from 45 to 90 days.

It is impossible to discuss Israel's economic policy without reference to the Histadrut labour union. The Histadrut was established in Palestine in the period yet of the lights taxed in the world), and by annual army reserve duty for men between the world, and by annual army reserved duty for men between the world, and by annual army reserved duty for men between the world, and by annual army reserved duty for men between the world, and by annual army reserved duty for men between the world, and by annual army reserved duty for men between the world, and by annual army reserved duty for men between the between the highest taxed in the world, and by annual army reserved duty for men between the world, and by annual army reserved duty for men between the world, and by annual army reserved duty for men between the world, and by annual army reserved duty for annual army reserved duty for men between the between the highest taxed in the world, and by annual army reserved duty for an

The Israeli economy

The dream that can no

poor policy planning or mis-management during the late with a majority of its members 1970s and early 1980s, nor even active in the Labour Party. In an inevitable consequence of addition to providing health, the tremendous defence burden. What went wrong? Israel's and to negotiating wage agree-economic difficulties have roots ments, the Histadrut is the in an economic structure pre-dicated on a national committhrough a subsidiary holding company one of the country's two leading banks, an insurcompany, construction

> Tax reforms will probably prove crucial

dicated on a national commit-ment to a European welfare state which is no longer viable. Despite the stunning economic

successes of the 1950s and 1960s
—rivalling even Japan—growth
per se has never been the guiding philosophy or policy objective of any Israeli government.

The emphasis of the early

years was on settling immi

grants, providing jobs and housing, and increasing the

availability of goods. Widely-shared beliefs in welfare con-

cepts thrust the government into all aspects of economic life. By 1976, the ratio of

government expenditures to GNP was 97 per cent and half

claim as large a role in their

Defence and security requirements also led to major government involvement in the economy, with defence spending averaging about 25

per cent of overall government expenditures in non-war re-

lated years and almost half the total in periods of confronta-

with security and with the daily welfare of its people meant that little serious atten-

tion was devoted to the relation-

ship between a sound economic

structure and national defence, and the long-range surviv-

ability of the nation economic terms.

Government

nunist governments could

firms, an industrial holding company and agricultural cooperatives Strikes in Israel are so common that Israelis like to joke to foreigners: "Sorry, the country is closed." The power of the Histadrut as labour negotiator and large employer the labour force was serving in the public sector. Few nonmakes economic manoeuvrabi-lity or belt tightening not only

difficult, but nigh on impossible short of an external crisis such as war. Last November General Yisrael Kessar, the Histadrut secretary, made it clear that the Labour-led National Unity Government could not expect preferential treatment from his organisation, although it is headed by his own party chief,

Shimon Peres.
Significantly, 30 per cent of the Histadrut's membership in 1984 indentified with the Likud, thus reflecting the union's

thus reflecting the union's entrenched position within Israeli society.

Mr David Levy, deputy prime minister under both the Likud and the present National Unity Government, is today the champion of the Likud bloc in the Histadrut and of Israel's "downtrodden" workers With the Israel's "downtrodden" workers with the Israel's "downtrodden" workers with Israel's "downtrodden" workers workers with Israel's "downtrodden" workers with Israel's "downtrodden" workers with Israel's "downtrodden" workers with Israel's "downtrodden" workers workers with Israel's "downtrodden" workers with Israel's "downt Economic activity and growth have been adversely affected over the years by a trodden" workers. With Histadrut elections planned for 1985, possibly in the spring, the low rate of mobility resulting Likud's leverage is expected to from labour contracts making increase and with it Mr Levy's it almost impossible to fire power as a potential spoiler of

ISRAEL'S PRESENT economic workers, by enormous tax dis- the Government's austerity A key challenge in the years ahead will be a description

ahead will be a dramatic restructuring of the economy so as to reduce the wide involve as to reduce the wide involve-ment or direct ownership by the Government — and by extension the Histadrut — in almost every sector, while greatly expanding private sector opportunities and income. At present, more than 30 per cent of Israel's labour force is engaged in government service. as compared to 22 per cent in industry and 6 per cent in

Tax reforms that reduce the burden on the worker will prob-ably prove crucial to any effort to inspire higher productivity or to encourage the transfer of workers from government service to the private sector. Indexation of wages and particularly of financial assets, along with extensive subsidies on fuel and food, are throwbacks to the socialist dream that Israeli society can no longer afford.

The present Government is pinning its hopes for the future on high technology exports. But to approach the present goal of doubling high tech exports by the beginning of the 1990s, Israel must increase investment in industry by at least \$1bn each

The prospects for continued intensive government investment are not, in the face of impending budget cuts, terribly bright. Investments by the Israeli business community have been on a downward track over the past decade, largely because the private sector had to compete with the sale of govern-ment bonds, which are indexed and hence guaranteed against depreciation.

Thus, the main challenge facing the Israeli leadership is not only budgetary restraint but. perhaps more important, structural changes in the system that will expand the capacity of the economy, create incentives for economic growth and mesh defence and economic require-

"They must review the whole structure of their economic and political framework," acknow-ledged a senior U.S. Government official. "There is a lot of soul searching."

## Dual resident companies

Sir.-Correspondents have questioned the balance of advantage to the UK (compared with the U.S.) in seeking to limit the advantages derived from dual residence. It is worth remembering that under the 1945 UK-U.S. treaty, dual residence was denied to a company incorporated in the U.S. That was changed in the 1975 treaty, presumably to encourage U.S. investment in the UK.

If the balance of advantage between the UK and U.S. were the reason for a change in the rules as to loss relief for dual residents; the Revenue could, on existing rules as to the determination of a company's residence, readily exclude many U.S. owned companies particularly U.S. oil companies from UK residence. The consultative residence. The consultative document does, however, state clearly (in paragraph 4) that the target is the finance company with no profits, and no economic activity, receiving funds to pay the interest in a form which does not give rise to taxable profits in either jurisdiction. The document describes this as "artificial tax avoidance."

It is in considering remedies | importantly state whether steps

# **Letters to the Editor**

that the Revenue does, perhaps, set itself on the wrong path. It rejects any denial or restriction of interest relief merely because the "taxpayer" is dual resi-dent, but does not consider the extent (if any) to which the interest deduction could be dis-allowed under existing statutory provisions. Instead the docu-ment proposes to disallow group relief for losses incurred by the dual resident company so as to remove the tax advantage from remove the tax advantage from setting up such a company financed by borrowing but to allow it to companies which are "genuinely trading." Presumably if chooses this solution because in the first case there would be a double deduction but no subsequent tax charge, while in the second case the double deduction would be expected to be followed in due bourse by a double charge. bourse by a double charge.

May we hope that the Inland Revenue will publish a summary of comments received on

Inevitable occurrences in unmanaged currency markets

of a similar nature are to be taken by the IRS since if they were, there would be a risk of double denial of deduction. D. A. V. Boyle. 9, Alleyn Road, SE21.

Regional

policy From Paddy Ashdown, MP Liberal Spokesman on

Trade and Industry
Sir,—In your excellent
feature (January 25) about
regional aid, you devote half a page to describing "What Labour would do" on this issue. It is a pity that you failed to give your readers the oppor-tunity of discovering what The Alliance would do, especially since it was Liberal and SDP Mps who forced a debate on the details of the new regional aid programme.

The Alliance also tabled a comprehensive motion emphasising "that a properly struc-tured regional policy is its proposals, and perhaps more essential to the regeneration of

1973 there have been major bear and bull markets in the

Britain's industrial base," deploring the £300m reduction in Government support for regional industrial incentives, and condemning "the inflexible use of travel-to-work areas as units for determining development area boundaries, which has led to the exclusion from UK and EEC regional aid me of the communities with the highest levels of unemployment and lowest stand-ards of living." The motion called for the reversal of the Government's policy of denying to the regions and the local authorities the power to help

PADDY ASHDOWN. House of Commons, SW1

The quest for English

From Sir Michael Wilford Sir.—I was astonished to see to your Men and Matters column (January 24) that Observer believes that the Japanese want to speak the "American sub-dialect" of English. Nothing could be further from the truth. Some, of course, do so, but the quest for English English is paramount, and the results surprisingly good. (Sir) Michael Wilford,

Lloyds Bank International. 40-66, Queen Victoria Street.

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# The pitfalls

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Delotte | I should like a copy of your USM booklet. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation. | I should like a free consultation with one of your partners to discuss a USM flotation with one of your partners to discuss a USM flotation with one of your partners to discuss a USM flotation with one of your partners to discuss a USM flotation with one of your partners with one o

business.	
Post to: Graham Cole, Deloitte Haskins & Sells, P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX. Tel: 01-248 3913	
I should like a copy of your USM booklet.	_ meki

foreign exchange transactions the source of on-going capital occur at an inter-bank level, flows into dollars of the order the reason for capital flows into of \$100bn per annum now removements in relation to pur-dollars is only explainable in quired to finance the U.S. chasing power parity or trade terms of banks within the Euro-current account deficit. Even equilibrium have tended to terms of banks within the Euroterms of danks which the Euro-banking system, financing their if the U.S. statistics continue to the doubtful "dollar loan port-folios by taking deposits in other currencies and converting the funds into dollars. "A more that banks into dollars still show massive net flows into dollar assets.

What Professor Pearce does might be the fact that banks are not seem to appreciate is that real value of dollar debts.

Each time the tended to the interest of their clients—such transactions go over the inter-bank market.

The Third World debt problem has been substantially the beginning of some real agreement appreciate is that real value of dollar debts. the funds into dollars. "A more rational occasion for surprise might be the fact that banks are able to re? finance doubiful debt in any currencty."

Despite the Third World debt problem of international banks, the suggestion that the bank-ing system is compounding its problems by mis-matching the currency denomination of its loan book and its funding versels both a lack of knowledge six of the six of the most of the most of the most of the most of the currency denomination of its loan book and its funding versels both a lack of knowledge six of the six of the most obvious six of the most of the most obvious where part of this problem has already caused the Midland six of the most obvious where part of this problem has six funding versels both a lack of knowledge.

ine suggestion that the banking system is compounding its dividuals, companies and
problems by mis-matching the countries. There must indeed
currency denomination of its
loan book and its funding veveals both a lack of knowledge
of the central bank monitoring
of bank balance sheets and of
the basis on which such banks
operate. While some mis-matching of maturities between loans
and deposits is inevitable—
capital into dollars has been
into very short term dollar

From Mr H. Flight an appropriate forward Sir.—Professor Pearce (January 16) seems to be arguing that because 85 per cent of out, it is difficult to identify the control of the control of

the source of on-going capital

and deposits is inevitable—
ultimately the banking system into very short term dollar acts as a conduit to deploy both short as well as longer term funds—the cardinal principle remains entrenched of not ultimately mis - matching the currency of loan and deposit to the economic vulnerability of the "strong currency of loan and deposit to the economic vulnerability of finance. The very volatility of a system of uncontrolled free exchange rates has underlined this point. Where any currency mis-matching may be involved, this will always be covered by tably go through "boll as been dollar has been dollar and dollar and dollar are apparently surprised that currencies under free floating currencies under free floating the trade equilibrium among the currencies under free floating the trade equilibrium among the currencies under free floating the trade equilibrium among the currencies under free floating the trade are apparently surprised that currencies under free floating the trade are apparently surprised that currencies under free floating the trade are apparently surprised that currencies under free floating the trade are apparently surprised that currencies under free floating the currencies under free floating the trade are apparently surprised that currencies under free floating the trade are apparently surprised that currencies under free floating the currencies under free floating the trade are apparently surprised that currencies under free floating the currencies under free floating the currencies under free floating the floating the trade are apparently surprised that currencies under free floating the currencies under free floating the trade action by all the conductors that assets should not bee

Swiss franc, the deutschemark, sterling, gold and the dollar. The excesses of exchange rate movements in relation to pur-Bank severe difficulties via its Crocker subsidiary's losses. In-

restment decisions in Europe are being delayed for foreign exchange reasons—what may be profitable to export today may be loss making in a year's time. Governments and economists

"bear" market cycles. Since history and it is inevitable that currency markets. There is no great mystery

to the dollar bull market needing explanation by alleged "crazy" currency mis-matching within the banking system. Banks manage money for their clients andw banks deal for Finance Ministers of the free world for an effective policy of joint central bank inter-vention towards sensible trade vention towards sensible trade equilibrium exchange rates. In the long term such intervention is likely to be profitable as it will involve selling assets (currencies) when they are fundamentally over-valued and buying them when they are fundamentally undervalued. Obviously no one central bank Obviously no one central bank can be effective but there is no logic for arguing that concerted action by all the central banks should not be effective. Allowing the trade dis-equilibrium among the major

currencies to worsen is only likely to make the economic adjustments more painful for all concerned when the market

ME TRUE

**Employers** 

say UK

exports

gain from

fall in £

try said yesterday.

my remained strong.

showed improved optimism, in

creased output and rising exports

It was conducted in the first half or

the month when sterling was under

sustained pressure. Mr Wiggles

worth said interest rates were al

ready starting to rise and many

companies were expecting further

The CBI's cautious optimism now

is based on the view that interest

rates will not remain at present lev

els for long. Mr John Caff, the con-

federation's chief economist, said

he saw the rise to 14 per cent or

Monday as a short-term measure to

restore financial confidence. The

CBI believed a rise was necessary

On the basis of its survey, the

CBI is forecasting that manufactur

ing output will have risen by 3½ per

cent in the year to April, with in

of the year up by 10 per cent com-pared with the same period in 1984.

Inflationary pressures are ex-

pected to remain moderate during the next four months, although manufacturers' selling prices may rise at a somewhat faster rate.

The survey showed, however

that increased efficiency rather

to be the most important motive for

ple employed by manufacturing in-

dustry is expected to fall by 0.55 per

cent which is equivalent to about

30,000 jobs in the six months to

The survey showed that business

confidence was improving again af-

ter declines in the previous two

quarterly surveys. The survey said

this suggested that confidence was

stabilising, although Mr Wiggles-worth conceded that the rise in in-

terest rates might have changed

He believed, however, that invest-

ment plans would not be altered, in

the short-term at least, because

companies were used to looking

five or even 10 years ahead when

Downturn at

and Texaco

Chevron

than expanded capacity continue

industrial investment.

April this year.

this picture.

to stabilise the markets.

growth.

FINANCIALTIMES

# Ford plans to cut costs in European operations

By Kenneth Gooding, Motor Industry Correspondent,

FORD INTENDS to rationalise its European operations, shed uneconomic capacity, cut employment and bring in more components and cars from low-cost countries as part of an "action plan" to reduce costs and become more competitive.

ever, that the plan will succeed only if European governments also take decisive action to improve the general environment for the motor in

In an "Action Plan" document the company says: "If European governments ignore the current plight of the European automotive industry or fail to achieve the improvements necessary. Ford - and presumably others - will have to consider more drastic action that will tear at the fabric of Europe's manufacturing base."

This makes it very clear that Ford, in particular, would like much more help from governments to deal with "predatory Japanese competition (which) is the biggest single threat to the long-term survival of the European automotive

Ford calls on European Community governments to develop effective protection from Japanese car imports and to establish rules covering Japanese inward invest-

"At a time when the Japanese are looking to export capital and gain entry into restricted markets, such rules are essential to avoid token assembly operations with low European and high Japanese content which will simply accentuate Europe's existing excess capacity

The document was handed to the press yesterday by members of an inquiry team set up by the Greater London Council to look into Ford's

The document was drawn up to brief senior personnel within the company but was not distributed to the British press because, the spo-kesman added, "we guessed it would produce an hysterical reaction about plant closures."

The document goes over much of the ground covered in recent months by Mr Bob Lutz, chairman of Ford of Europe, in public presentation. He has pointed to the excess capacity in European car manufacturing, severe competition, the huge losses incurred by the high-volume manufacturers at a time when they face major investment programmes and the extent to which government interference has added to the industry's difficulties.

The "Action Plan" is aimed mainly at reducing costs but also involves efforts by the company to accelerate quality improvements, to maintain the momentum of product introductions and to use new tech-

Dealing with the fundamental issue of costs, however, the documents says: "Cost reductions will continue to be sought through manufacturing efficiencies and rationalisation opportunities; shedding uneconomic capacity; headcount reductions; re-sourcing external purchases; and reducing the investment cost of bringing the product to

"Another method of reducing fixed costs is to share them, and Ford has a number of joint venture programmes under consideration. Also, in certain European markets, Ford companies are looking to lower cost offshore sources as a way to compete more effectively. The Ford sales companies in Scandinavia have each begun a programme involving Brazilian-sourced Escorts. These programmes are likely to be adopted by additional European

The GLC team identified press shop and group tooling facilities at Dagenham in the UK, the Cologne engine plant in West Germany and the Genk assembly plant in Belgium as being vulnerable.

W. German car makers' plea on environmental rules, Page 2

World Weather

# Paris plans further cuts in income tax next year

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government said yesterday that it would cut income tax by at least 3 per cent in 1986. emphasising its intention to pursue its policy of reducing taxes. M Pierre Beregovoy, the Finance Minister, said that the 3 per cent

surtax on incomes in the higher tax bracket would be removed. The planned tax changes would benefit all income tax payers, he added. Officials said that this meant a

minimum 3 per cent cut in personal income tax, which with the surtax reduction would cost the Treasury FFr 6bn to FFr 7bn (\$620m-\$725m). The decision implies a further widening of the budget deficit next year although officials contest this interpretation. The exact size of the

the preliminary stage of its 1986 budget calculations.

The tax cut next year would come on top of a 5 per cent cut in personal taxation this year as part of the Government's pledge to reduce tax and social security contributions as a proportion of gross national product from 44.7 per cent to 43.7 per cent. The effective cut in taxation is likely, however, to be smaller than

The Government last year managed to hold the budget deficit to about 3.3 per cent of GNP - or below the level that had been feared in mid-year but above the 3 per cent target officially set by President François Mitterrand. This year the Government has set a goal of reduc-

ever, as the Government is only at ing the deficit to 3 per cent of GNF despite the tax cuts.

goal is attainable. Its forecasts which take into account social se-

a goal next year of reducing the budget deficit next year to 2.8 per cent of GNP. The exact size of the tax cut would thus depend on deci-

# Hanson Trust fails in £170m bid to take over Powell Duffryn

BY MARTIN DICKSON IN LONDON

HANSON TRUST, one of the most • Hanson's refusal to raise its origsuccessful British exponents of the art of the takeover, yesterday failed in its £170m (\$189m) bid for Powell Duffryn, the UK distribution and storage group. It is the first time that Hanson has lost a takeover battle since 1981, when its bid for G. H. Downing, a bricks and building materials company, was topped by

When Hanson's all-paper offer closed yesterday afternoon, it had been accepted by 32.82 per cent of ordinary shareholders. That, together with the 3.69 per cent held by Hanson before the bid, gave it an interest in only 36.51 per cent of the equity. Acceptances were also re-ceived from 65.42 per cent of preference shareholders.

Analysts last night cited three main reasons for Powell Duffryn's

inal offer, which it insisted valued A spirited and well-timed de-

fence by Powell Duffryn, including a revised dividend forecast last week that helped to retain the loyalty of institutional shareholders concerned about their income

 Movements in the relative share prices of the two companies, which changed significantly during the course of the battle. When the bid was announced on December 14, Hanson's share price valued the offer at 385p for each Powell Duffryn ordinary, against a pre-bid price of

more, at one point giving its offer a near its original valuation.

premium of some 20p over the Po-well Duffryn price. The sharp fall in London share prices generally over the past few days narrowed the gap

Powell Duffryn's share price fell sharply yesterday after the bid lapsed, reaching 385p before rally-ing to close at 395p, down 28p on the day. Hanson closed at 216p, down

Hanson, which placed its 3.69 per cent Powell Duffryn shareholding with institutional investors at 385p yesterday afternoon, said last night that it had had a very firm opinion of the value of the business and had not been prepared to raise its bid or to buy shares in the market above Over the subsequent weeks the share prices of both companies rose strongly, though Hanson's gained that level. Hanson pointed out that since the bid had lapsed Powell Duffryn shares had fallen back to

# Plan unveiled to give British investors more protection

BY JOHN MOORE AND CLIVE WOLMAN IN LONDON UNPRECEDENTED statutory pow- the principles on which business "Before doing so I shall be re-

ers for the supervision of Britain's should be conducted. be given to two new regulatory bodies run by individuals from financial service groups. The details were unveiled yesterday by Mr Norman Tebbit, Secretary of State for Trade and Industry, whose department has published a policy document on plans for providing more protection for investors.

Financial organisations, ranging from merchant banks and large stockbroking concerns to small firms of investment advisers, are to be supervised in a formal regulatory framework.

Mr Tebbit told parliament yesterday that the proposals are designed to assist in the enforcement of regulation, deter fraud and malpractice, improve disclosure and lay down

Thatcher faces

Continued from Page 1

Mrs Thatcher defended recent ac-

necessary to maintain financial sta-

achieved by previous governments.

She said that government action was designed "to impose financial

discipline on all sections of the

The Government has an over-

whelming majority in the House of Commons with 141 more MPs than

all opposition parties combined.

The pound closed in London at \$1.1145, up 35 points from Monday

Gains against other European cur-

rencies also helped to push up the

sterling index from 70.5 to 70.8.

He said maintena

standards of business conduct couldbe discharged "much more effectively by those closest to the market - practitioners and their customers rather than by government. Malpractices can be identified and dealt with more quickly by these people than by government regulators." Mr Tebbit said he intended to

"build upon what is best in self-re-gulation." He intends to propose egislation which will give the Secretary of State powers to grant authorisation to investment businesses. The powers will enable him to delegate the regulatory responsibility, including the power of authorisation, to one or more bodies composed both of those who provide and those who use financial

rules of these bodies and I will have the power to withdraw delegated powers in the event that such a body fails to continue to meet the criteria." he said.

In the new regulatory framework two bodies would be created: a Securities and Investments Board covering the regulation of securities and investments, and a Marketing of Investments Board, covering the regulation of marketing of prepackaged investments such as life insurance and unit trusts. If the financial services industry and its customers eventually prefer a single body, the Government would

Editorial comment, Page 10; See Lex; Details, Page 26

# Opec accord expected

censure vote Continued from Page 1 over economy

tions on the ground that they were bility and to keep inflation lower for terday that any Opec agreement run-up to this meeting. a longer period than had been

along the lines under discussion would be received by the market as a good attempt to restructure its pricing system in tune with current world refinery techniques, which have increasingly favoured the use of heavy crudes.

Three Opec countries were holding out against the proposals when ministers opened their evening ses-

Iran was insisting on no reduction in the price of Arabian Light equivalent to its own crude stream.

branch and announce a supplier price of \$28.65 for January.

A senior Opec official warned yesterday that if the UK did not an ese buyers. Moreover, Iran had take the opportunity offered "then been given dispensation to price its everything will be lost and the oil officially at \$28, and only recent-downward spiral will continue." oil officially at \$28, and only recent-ly increased its official price to ownward spiral will continue." ly increased its official price to
An oil trader in Geneva said yes\$29.11 as a political gesture in the

> Algeria was holding out against a proposal to cut its Saharan Blend from \$30.50 to \$28.90 because that official price is a key component in the pricing of its main hydrocarbon

The Libyans were objecting because the proposals involve a new official price for their crude oil of \$29.15 and they were apparently not prepared to reduce their \$30.50 price to less than \$29.71.

### Opec ministers are determined to reach an agreement at this meeting Iran's own pricing policy is already

EEC farm spending up

Continued from Page 1 The increase in the cost of farm spending is largely attributed to attempts to reduce dairy and beef stock. The Commission has been stepping up export sales at reduced VAT ceiling to 1.4 per cent on Janu-

prices to make room in stores now ary 1 next year.

That is blocked by both West Germany and the Netherlands, which er still, however, were it not for some savings on cereals and - consequently - pigmeat and poultry, where price relates to cereal feed. The high value of the dollar has reduced the gap between Community and world cereals market prices and hence reduced the level of EEC

export subsidies.

The most widely acceptable

source of extra finance would be to bring forward increased contributions from the member states, due to rise from the present 1 per cent

insist that increased contributions must be timed to coincide with the enlargement of the Community to include Spain and Portugal in 1986. Sir Geoffrey simply insisted yes-terday that all EEC members were agreed Britain should receive its cash this year and suggested that

By William Hall in New York TEXACO and Chevron, the U.S. oil groups which together spent more than \$23bn last year acquiring Get-ty Oil and Gulf, yesterday reported lower 1984 profits, despite having the benefit of their acquisitions for most of the year.
Texaco, which warned in Novem-

ber that it was taking a \$765m writedown in its fourth quarter, reported a 75 per cent drop in its fullyear net income to \$306m, or \$1.03 Chevron, which paid \$13.2bn for

Gulf last June, announced a 4 per cent drop in its net income to \$1.5bn or \$4.48. Mr George Keller, Chevron's chairman, said that Gulf contributed \$40m to Chevron's earnings

during the seven months it was part of the enlarged group. Texaco estimated that its earnings fell by only 13 per cent to

S1.1bn if the fourth-quarter writedown is excluded. Mr John McKinley, Texaco's chairman, says that "although worldwide petroleum demand strengthened somewhat during 1984, the benefit from this in-

creased demand was offset in the market by the continued surplus of crude oil and petroleum products." Mr Keller blamed Chevron's lower earnings on "weakness in refined product prices and depressed downstream margins through most of

He noted that, except for a brief period, petrol prices in the U.S. re-mained depressed for much of the he was prepared to consider any arrangement which guaranteed that

# THE LEX COLUMN

# Bridging the great divide

The UK Government's White Pafully framed and realistic document PROSPECTS for Britain's manufac which makes greater concessions to turing companies were improving the principle of statutory regulation strongly before the recent sharp rise in interest rates to 14 per cent, the Confederation of British Industhan even Professor Jim Gower had dared to suggest a year ago. It is a measure of how far City of London thinking has travelled in that time In its latest quarterly survey pub that a document which would once lished yesterday, the employers group showed that the decline of have been seen as plain heresy was yesterday greeted with polite, if not sterling had helped to boost export enthusiastic, applause all round. prospects, while investment contin-

From the City's point of view, of course, it could have been a lot ued to increase. Export prospects are now said to be the best for sevvorse. Self-regulation lives on, al-Mr David Wigglesworth, chair-man of the CBI's economic situation beit shackled by a statutory framework, while no one could quibble with the Government's emphasis on committee, said that, although the efficiency, flexibility and competisteep rise in interest rates to 14 per tiveness - not publicly at least. Yet the paper also proposes several rad-ical changes in the way the City cent was unwelcome, he believed the underlying trends in the econogoverns its affairs. It rightly ques-tions the solidity of Chinese Walls He warned, however, that a pro longed period of high interest rates and lays down a fairly stringent set could jeopardise prospects for of rules to prevent abuses by authorised investment businesses. It in-The survey of 1,560 companies sists on a high level of disclosure

> sanctions tough enough to deter all but the most determined villains. The paper's main weakness is its refusal to discard the idea of twin regulatory boards. The Government will probably opt for a single au-thority in the end, but it is not help-ful to leave the matter unresolved during the period of staff recruit-ment. The document is also rather vague on the matter of packaged investments and what constitutes a "professional investor." Many an established amateur may find himself

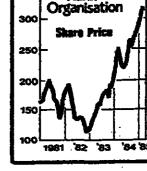
and recommends civil and criminal

But there are plenty of compen-sations. The role of the Bank of England has sensibly been confined to head-hunting, and the overall system of checks and balances has been cleverly constructed. Offering estment in the first three months the Takeover Panel the option of statutory backing is no bad thing, while a few anomalies in the Companies Act are to be rectified.

> For the structure to succeed, it clearly needs to be properly financed and, most important, led decisively. Confidence in the authority of the new board(s) will be cru-

Markets

market felt on Friday evaporated over the weekend and quietly resurfaced in the gilt market yesterday. And well it might - equities had



seemed oblivious to the possibility of another rise in base rates, while gilts had been sickly well in advance. Now gilt investors have at least two reasons for cheer. The

ward slope of the yield curve re-flects an expectation that Monday's rise in base rates will be reversed within the next few months.

neither win friends nor help sterling; the second is that equally sudden falls renew doubts about the in the players' pavilion before long. Government's commitment to its

critic to complain about Rank's £105m profit for the year to Octo-ber, or indeed cavil at the way it was achieved. It was always obviprovement would come from the cutting-out of loss-makers (£8m here), from a fall in the interest is unlikely to provide much co-opcharge (worth nearly £6m) and erative benefit.

from disposals of disused einemas-(taken above the line 17m against 13.5m). A substantial upturn at Rank Xerox - for the first time in five years - was also pretty well discounted. The measure of Rank's schievement is that trading profits in the businesses it actually manages were also over 25 per cent higher, at almost £40m.

The Organisation for Economic Co-operation and Development (OECD) does not believe this year's

curity and local authority financial balances as well - show the public sector deficit rising from 3.5 per cent last year to 3.9 per cent in 1985. Further tax cuts in 1986 would push the deficit even higher. French officials say, however, that President Mitterrand could set

Government has shown it is still serious about inflation; and with any luck, the higher rates will have enough impact on bank lending to reduce the need for overfunding. Gilts are starting to attract foreign buying interest, and the down-

In the market's eyes, Mr Lawson may have drawn two morals from the base rate moves of the past year, each of which should in theory keep prices stable. The first is that sharp and sudden increases

In relation to the yield on equi-ties, gilts now look distinctly cheap and have displayed nothing like the nervousness which has characterised equity trading over the past week. But many a fund manager, who has switched from equities to gilts on yield gap arguments over the past year, has lived to regret it.

It would take a mealy-mouthed

Rank's management is thus in a position to claim that its efforts have gone beyond more deck-clear-ing. If its travel business had not caught a cold, the results might really have been something to crow about. Unlikely as it may seem. Rank has even been able to find growth in the hingo clubs, selling more food and adding game muchines. Inventive though Runk may prove at this sort of in-filling, it will not fully employ the group's cash. Nor can it provide the strategic clues that the City will probably demand before pushing the shares much beyond their current 318p which at last restores Rank to the dignity of an average market rat-

### Guinness Peat Since the acouisition and liquid

ation of Moorside Trust at the end of 1983. Mr Alastair Morton has shown humself deft at enlarging the capital base of Guinness Peat without recourse to shareholders. This is, incidentally, convenient since the largest of these is Lard-Kusen, who was no great friend of Guinness Peat's new management, yes-terday's issue of shares to UKPI in return for its holding in Britannia Arrow will reduce the Kissin position from 9.8 per cent of the equity to less than 8 per cent. In return, Guinness Peat has gained a large and apparently sympathetic shareholder in the form of UKPI which would make the group less vulnerable to takeover.

The advantage to UKPI of switching horses at this stage may be as much a reduction in its exposure to Britannia Arrew's new acquisition as what Guinness Peat has to offer in management on the energy and property side. Guinness Peat itself must know Britannia Arrow pretty well, having considered selling its merchant bank in 1982. Yesterday's deal looks neither very risky nor expensive and does give Guinness Peat an opening to retail financial services and fund management, but

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\*Data up to August 1984 \*Total excluding USM Companies FACT: The 1983 dollar volume of NASDAQ equity trading was \$188.3 billion; the London dollar volume of equity trading in 1983 was \$42.0 billion. FACT: Over 9,500 NASDAQ quotation

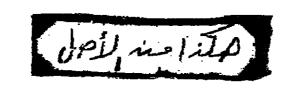
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PRICE CUTS EXPECTED IN WAKE OF CHRISTMAS SLUMP

# Commodore profits plunge 94%

BY LOUISE KEHOE IN SAN FRANCISCO

EARNINGS of Commodore International, the largest U.S. home by 10 per cent. computer maker, plummeted by 94 per cent in the second quarter to just \$3.2m from \$50.1m in the same period a year ago. Sales dropped 21 per cent to \$338.7m from \$431.4m. the slowdown in U.S. home compu-

ter sales. Christmas sales boom to reverse computer sales and, in anticipation,

Herrhausen

at Deutsche

By John Davies in Frankfurt

to Deutsche's supervisory board af-ter the shareholders' meeting in

been joint spokesmen - in effect.

The decision elevates Dr Herr-

hausen to one of the most powerful

positions in the West German busi-

ness world. His election by fellow

members of the bank's manage-

ment board ends long speculation

about possible top managerial moves arising from Dr Guth's re-

Dr Herrhausen, 55, has held se-nior positions at Deutsche Bank for

more than 15 years, after moving from the board of an electricity sup-

He is responsible for the bank's

economics department and for

North American activities. He is al-

so on the supervisory board of

several leading West German com-

panies, including Daimler-Benz, the

motor vehicle concern, Klöckner-

Werke, the steel group, and Contin-

ental Gummi-Werke, the tyre com-

A man with commanding stature he has considerable influence not

only in business but also in political

Dassault aims

Falcons a year

DASSAULT-BREGUET, the French

maker of Mirage fighters.

The Falcon 900, however, carries

its hopes of continuing expansion on the market for high-perfor-

mance private jets.

The basic cost of the new jet is

\$13.5m at 1983 prices. More than

half the clients are expected to come from the U.S., and the rest

an unfair adventage over U.S.

competitors because it had received

government aid in developing the

Falcon. About 35 per cent of the air-

represents materials bought in the U.S. craft's cost, including the engines.

Swiss watch

group set to

break even

By John Wicks in Zurich

ASUAG-SSIH. Switzerland's lead-

ing watch-making group, expects to break even in 1984. In 1983, the group made an op-erating loss of SwFr 87m (532.7m).

The board attributes the improve

ment to the initial success of a re-

economy and a favourable ex-

sultant Nicolas G. Hayek and a group of Swiss industrialists, grant-

to buy up to 51 per cent of the com-

As a first step, a 7 per cent stake

will be sold to Mr Hayek and the in-dustralist Dr Stephan Schmid-

to sell 30

joint chief executives - since 1976.

succeeds Guth

the company built up its inventory U.S. consumers, disenchanted with home computers; and retail chains throughout the country reported lower sales than expected. To reduce stocks, The result reflects the impact of Commodore has laid off about 540

Commodore is expected to reduce Commodore had been expecting a its prices sharply. Earnings for the bristmas sales boom to reverse second quarter were significantly reduced by a pre-tax charge of \$30m

action to be taken by Commodore." Industry analysts expect Commodore to slash the U.S. price of its Commodore 64 home computer to compete with a new machine promised by Atari, now owned by Mr Jack Tramiel, former Commodore

Commodore may also reduce its European prices, which have been inflated by the dollar's strength. Analysis doubt, however, that such moves will generate signifi-cant sales volume. They believe

that U.S. consumers have turned away from cheap home computers towards higher-priced and higher-performance machines, such as the IBM PC Jr and the Apple II. Apple Computer has also report

ed excess stocks this month. The company has made few shipments of Apple II computers since Christ-mas, Mr John Sculley, Apple presi-

U.S. computer dealers are hold-ing considerable stocks from last

# Restructuring costs leave GTE final-quarter earnings lower

BY ANDREW BAXTER IN NEW YORK

DEUTSCHE BANK, West Ger-GTE, owner of the largest non-Bell many's largest bank, yesterday named Dr Alfred Herrhausen to telephone system in the U.S., yesterday reported a 10 per cent fall in succeed Dr Wilfried Guth as joint spokesman alongside Dr Wilhelm fourth-quarter net profit following a \$35m after-tax charge for restructuring certain operations, primarily Dr Guth, 65, is expected to move in Latin America.

The charge, which had been expected, left net earnings at \$243m May. He and Dr. Christians have or \$1.15 a share, compared with \$269m or \$1,39 in the 1983 period. However, the 1983 figures take in a \$20m credit, and stripping out both special factors would produce a 9 per cent rise in income in the latest quarter, broadly in line with the re-

For the year, GTE's net earnings

rose 18 per cent to a record \$1.1bn long-distance communications ser or \$5.55 a share against \$956m or \$5. Again, however, special factors have distorted the figures and part changes. Excluding this and the fourth-quarter factors, consolidated earnings per share from continuing operations were 7 per cent higher

than in 1983. Mr Theodore Brophy, chairman and chief executive, said the continued strong performance of tele-phone operations in 1984 and the sharp improvement in the electrical products group was partially offset by disappointing results in commu-nications products and the Sprint

14 per cent to \$2.6bn, while revenue was up 8 per cent to \$9.1bn. The improved results mainly reflect cost reductions and productivity improvements.

include Sprint, Telenet, packet switching services and satellite operations, suffered a fall in operating income from \$82m to \$87m, while revenue more than doubled to \$1.2bn, reflecting acquisitions. The profits fall reflects the impact in the second half of 1984 of a 70 per cent rise in charges to Sprint

# Pacific Telesis plans debt issue

BY PAUL TAYLOR IN NEW YORK

company, yesterday reported fourth-quarter net earnings of \$201m or \$2.01 a share on revenues of \$2bn and full-year net earnings of \$828.5m or \$8.46 a share on revenues of \$7.82bn.

The company also became the lat-est of the regional Bell holding com-panies - formed out of the Bell sysem break-up at the start of last year – to announce a refinancing involving the proposed issue of \$400m in new debt by its Pacific Bell unit. Mr Donald Guinn, chairman and

answered all those questions raised in the months before divestiture about Pacific's financial and technological capabilities to compete outside the Bell umbrella." Mr Guinn added that stringent

cost controls and aggressive marketing, coupled with the California Public Utilities Commission decision to approve \$565m in new rates last year, helped boost 1984 earn-

the proposed financing package unveiled yesterday was approved by the board of Pacific Bell last parnings, said, "I believe we have man and chief financial officer, not-rates," he said.

ed the plan "will increase the fi-nancing flexibility of both Pacific Telesis and our largest subsidiary Pacific Bell, as well as better position us to respond to volatile capital market conditions in managing our

Mr Hulse said that, subject to state regulatory authority approval, Pacific Bell intends to issue its securities within the next few months with maturities up to 40 years.

"We will be watching the domes tic and international capital markets for windows of opportunity in

# Record year at Warner-Lambert

BY OUR NEW YORK STAFF

state-controlled aircraft maker. which has just formally unveiled its sey-based drugs group, yesterday Falcon 900 business jet, is aiming to reported record earnings for 1984 sell about 30 of the aircraft a year lespite a slowdown in profits over the next decade and to break growth in the fourth quarter, even on the project in about eight caused partly by the strength of the

years time.

M. Bruno Vallieres, the group's chairman, said 38 aircraft had al-Full-year earnings rose 12 per cent from \$200m or \$2.51 a share to ready been sold, and the company \$224m or \$2.81. The rise accords planned to produce an average of with company forecasts and follows sales, improved gross profit mar-similar advances by other drugs gins and the lower effective tax 35 a month in coming years.

Dassault-Breguet, in which the French Government has a 46 per cent stake, is best known as the

In the fourth quarter, net profits compares with a 13 per cent year-lar, and Mr Williams said that and other agencies.

WARNER-LAMBERT, the New Jer- on-year rise in the third quarter, when the company began to benefit from changes in tax laws. Sales in the quarter edged up

> per cent in the year to \$3.17bn. Mr Joseph Williams, president and chief executive officer, attributed the income growth for the quarter and full year to higher U.S.

In common with other drugs rose 7 per cent from \$48.5m or 61 groups, Warner-Lambert has been cents to \$51.2m or 65 cents. That affected by the strength of the dol-

tended to mask good unit growth in international markets. Excluding the effects of currency adjustments fourth-quarter earnings rose 18 per cent from \$48m to \$54m. from \$786m to \$793.5m, and rose 2

Prescription and over-the-counter pharmaceuticals registered the strongest sales gains in 1984, with ethical drugs sales up 9 per cent in

Sales of health-technology prod-ucts declined slightly, while profit margins came under increasing pressure. The continued weaknes in this market reflects cost-cutting measures by the U.S. Government

# Final-quarter upturn for Merrill

BY ANDREW BAXTER IN NEW YORK

from companies, government orga-nisations and wealthy individuals in Europe, the Middle East, South-East Asia and Africa. sharply lower net earnings for 1984, M Vallieres rejected American despite improved profits in the final \$33m loss. claims that Dessault was gaining

Merrill recorded net earnings from operations of \$29.6m or 31 cents a share in the fourth quarter. up from \$18.4m or 21 cents in the 1983 period, when non-recurring charges related to the collapse of Baldwin-United, the financial services company, produced a final net loss of \$42.1m or 47 cents.

The latest quarter's results are better than the \$35m earned from operations in the third quarter, and illustrate the company's continuing

MERRILL LYNCH, the world's recovery from the ravages of the in most categories, compared with largest securities broker, reported second quarter, when the depressed those in the 1983 period, except for

For the year, Merrill made net profits of \$95.3m or \$1.03, against \$230.2m or \$2.26 in 1983. The latest year includes a \$46m net gain from the sale of the company's Manhattan headquarters, while the previous year's profits include \$83m in net charges and reserves because of

Final quarter revenues rose from for the year to \$6bn (\$5.7bn). Fourth-quarter revenues were up cent to \$171m.

trading on Wall Street resulted in a a small fall in insurance revenues and a 9 per cent decline in commis

> For the year reduced stock mar ket activity and lower average share prices contributed to a 20 per cent fall in commission revenues to \$1.2bn. Principal transactions revenues fell 17 per cent to \$561m and investment banking revenues fell 22 per cent to \$582m.

> In contrast property revenues rose 18 per cent to \$482m, while insurance revenues surged 47 per

# U.S. Steel back in black at year-end

By Our New York Stat!

U.S. Steel, the country's largest steel producer, staged a recovery in 1984, despite a sharp fall in profits in the fourth quarter.
The group ended last year with net profits of \$493m or \$3.52 a

share, against a \$1.1bn or \$12.07 a

share loss in 1983. Mr David Roderick, chairman, said the results indicated the success of actions over the past three years to diversify, restructure and streamline operations. The results were especially statisfying in the light of the soft market for steel and

lower oil prices.
He added that another profitable year was expected in 1985, with continued emphasis on debt reduction

and operating efficiency.
U.S. steel's shares, however, were down \$% at \$27% in early trading yesterday, reflecting the fourthquarter profits decline.

Net profits in the final three months were \$29m, equivalent to a loss after preferred dividends of 1 cent a share.

This compares with a loss of \$983m or \$9.7 in the 1983 period which includes a \$1.15bn charge for shutdowns.

Fourth-quarter sales were changed at \$4.7bn, but rose for the year from \$17.5bn to \$19.1bn.

The latest final-quarter profits compare with the \$153m or \$1.15 a share of the third quarter, when profits were bolstered by asset sales and pension cost reductions. At the nine-month stage gains on assets sales were estimated at \$234m before tax, which, with the pension cost reductions, helped the company post a \$493m profit for the

# Time income jumps 51% in full year

By William Hall In New York

THE U.S. presidential elections and the 1984 Olympics led to substan-tially higher magazine circulation and advertising revenues for Time, the publishing and entertainment cent increase in 1984 income from continuing operations to \$216.4m. Its fourth-quarter income from continuing operations rose by 50 per cent to \$86.7m. Earnings per share for the full year totalled \$3.37 from continuing operations com-pared with \$2.25 per share a year

Mr J. Richard Munro, Time's chief executive, says the company's strong performance is due primarily to record revenues and profits for magazines. Revenues rose 17 per cent and operating profits reached

# **Growth slows** at Perstorp

PERSTORP, the Swedish special chemicals company, reports its rate of earnings increase slowed during the first four months of its 1984-85 business year to 10 per cent.

Shareholders have authorised an issue of up to 2.5m unrestricted shares worth about SKr 250m (\$27m) to finance an acquisition probably in the biotechnology or analytical instruments field, in the UK or North America.

Earnings before extraordinary items and taxes but after financial costs rose to SKr 110m and sales climbed 13 per cent to SKr 1.1bn Operating costs and depreciation al lowances rose at a slightly higher rate and the operating result was ahead by only 5 per cent to SKr

Net financial costs more than halved to SKr 3m, however. Perstorp said sales in its com-pounds division declined in a weak market and following postpone ment of large orders from Iran

# **Deutsche BP to close** two loss-making plants

BY RUPERT CORNWELL IN BONN

DEUTSCHE BP, the German subsidiary of the British oil group, is closing two loss-making refineries in north Germany. The move, announced yesterday by Deutsche BPs chief executive Herr Hellmuth Buddenberg, means that 1,000 of the company's workforce of 7,000 are likely to lose their jobs.

The two refineries, at Hünxe and Hamburg, are the latest casualties of the intensifying pressures on the West German oil industry. It has been hit by overcapacity, fierce competition from imported oil products and shrinking domestic de-

Basic refining operations stopped at both plants in 1982 and 1983.

ing cracking, but even this proved

year. The British parent is expected to put up DM 500m (\$157.7m) to help meet the social costs of the shutdowns and launch new invest-Yesterday's decisions will remove

about 4m tonnes of refining capacity from the West German market. Deutsche BP's effective remaining sented by its 50 per cent stake in a refinery at Ingolstadt in Bavaria. Herr Buddenberg said that BP

They were then converted to han-dling atmospheric residues, includ-West German refineries. Its Gerneconomic. because of profits in other areas, The closures will take place this such as petrochemicals and plas-

Deutsche BP, however, is not alone with its problems. Oil companies lost DM 15.4bn on refining and distribution in West Germany be-tween 1980 and 1983, while retining capacity has been reduced from 160m tonnes a year in 1979 to around 100m tonnes, and it could capacity in West Germany will be drop to barely 90m tonnes by the 2.5m tonnes equivalent, repre- end of 1985. Shell, Esso and Mobil have also either announced or considered similar cutbacks in recent months.

Cost-cutting

lifts UAL

to \$282m

By Our New York Staff

operating and pension costs.

benefits.

UAL, parent of United Airlines, the

argest U.S. carrier, has reported its

highest annual profit since 1978,

helped by continuing efforts to cut

Net profit for 1984 was \$282.4m,

or \$7.46 a share, including a \$21.5m

extraordinary gain. This compares with \$142m, or \$3.88 a share, in

1983, when a significant portion of

earnings came from the sale of tax

In the fourth quarter, net earn-

ings were \$67m, or \$1.76 a share,

against \$56.1m, or \$1.54, in the 1983

period. Revenues rose marginally from \$1.66bn to \$1.67bn, taking 1984

revenues to \$6.97bn against \$6.02bn.

Pre-tax operating profits rose from \$216.3m in 1983 to a record

\$643.3m. Scheduled passenger traf-

fic improved by 7 per cent, and

there was an 8.3 per cent rise in av-

erage revenue per passenger mile

UAL's hotel operations suffered a

slight fall in 1984 net earnings from

Moët Hennessy

by more than \$96m net.

to 11.57 cents.

\$19.8m to \$18.4m.

UAL said reductions in pension and employee costs cut consolidat-ed and airline operating expenses

# Akzo lifts dividend 50% as profits soar

bres group, raised its 1984 final divi-dend by 50 per cent to F1 4.50 and confirmed its prediction of a record FI 750m (\$208.3m) profit for 1984.

Earnings per share jumped 47 per cent to F1 19.02 last year after a 19 per cent increase in shares outstanding. Profits rose 75 per cent from Fl 428m in 1983 while sales expanded 10 per cent to F1 16.54bn from F1 15.09bn.

The economic recovery in Europe and North America, aided by the strong dollar, enabled the Arnhembased company to reap the benefits of intensive cost-cutting and product realignment.

Interest payments fell 18 per cent and Akzo's cash and short-term investments stood at Fl 1bn at the end of 1984, compared with Fl 1.2bn a

year earlier. Mr A. Louden, chairman, said recently that the synthetic fibres divisions, which had suffered heavy

AKZO, the Dutch chemicals and fi- net income to its highest level in Akzo's 15-year history.

The company said yesterday that Enka, its main subsidiary in the synthetic fibres division, posted "gratifying gains" in sales and operating income for industrial as well as textile and carpet fibres.

Enka, which has sharply reduced its capacity in recent years, has sought to move away from clothing and carpet applications and toward industrial fibres. Akzo did not comment on the

prospects for this year, but analysts believe earnings may stabilise be-cause most of the restructuring benefits have already been felt.

The chemical products division, which includes Akzo Salt, should profit from the cold weather throughout Europe and the U.S. Last year chemical products reported a "substantial increase" in sales and income from salt, as well as losses in the past, would help boost commodity and special chemicals.

# **Imperial Oil profits** iump 84 per cent

IMPERIAL OIL, Canada's largest er. Production at Syncrude was disoil company, reported an 84 per cent jump in profits in 1984. The group, which is 70 per cent owned by Exxon, was boosted by higher bitumen production and capital investment credits.

Net profit in the year to December 31 rose to C\$533m (U.S.\$400.7m) or C\$3.32 a share, from C\$290m or C\$1.83 a year earlier. Revenues advanced from CS9bn to C\$9.7bn. Profit from natural resources in-

creased from C\$272m to C\$324m. Imperial said that higher output of bitumen and investment credits from its oilsands project at Cold Lake, Alberta, were partly offset by slightly lower production of conven-tional crude oil, lower sales of natural gas and liquids and a decline in earnings from Syncrude, the northern Alberta synthetic crude produc-

BY OUR NEW YORK STAFF

partly because of lower inventory profits and one-time provisions.

Full-year net income fell 63 per

cent to \$567m, or \$2.21 a share, pri-

marily because of a \$785m write-off

taken in the third quarter covering losses on the sale of certain metal

businesses and other write-offs.

The metals activities are now listed

BY OUR NEW YORK STAFF

on consumer foods and restaurants.

which have traditionally provided

the highest returns and long-term

The company said yesterday that

Year-end downturn for Arco

ATLANTIC RICHFIELD (Arco), the shareholders' equity, before discon-

sixth biggest U.S. oil company, has tinued operations and unusual suffered a 32 per cent drop in items, fell from 15.3 per cent to 13.4

Arco's group sales fell marginally in 1984 to \$24.56n, and return on margins.

divestment programme

General Mills plans

rupted by a fire last August. Mr Donald McIvor, chairman, said that the company's capital and exploration spending will rise to more than C51bn in 1985, compared

with CS679m last year. More than a quarter of the capital budget is earmarked for expanding. the Cold Lake project, which produces bitumen from oilsands. Production at Cold Lake is scheduled to reach 6,000 cubic metres of bitumen a day by early 1986.

Esso Resources, an Imperial subsidiary, also plans to spend about C\$1bn over the next 15 years on an enhanced oil recovery project at Judy Creek, Alberta. Ethane and natural gas will be injected into oil pools as solvents to improve oil re-

Mr William Kieschnik, Arco's

chief executive, says that record worldwide crude oil and natural gas

production and markedly improved

chemicals operations were the principal contributors to the compa-

ny's 1984 performance. However,

they were more than offset by in-

creased oil and gas depletion, op-

erating and exploration expenses,

## MOËT HENNESSY increased its turnover by 28.2 per cent in 1984 to

sales advance

FFr 6.84bn (\$706.6m), and profits were up "very substantially," M Alain Chevalier, the chairman, said vesterdav. He gave no provisional figure for 1984 profits, but said sales of wine

and champagne rose by 21.6 per cent and of cognac by 46.6 per cent compared with 1983 on a consolidat-Sales of the U.S. subsidiary, Arm-

strong Nurseries, were about the same as in 1983. Moët expects to report a 1984 loss at Armstrong of between \$5m and \$6m. Group profits in 1983 totalled FFr

Vizcaya gains despite high

risk provision By David White in Madrid

BANCO DE VIZCAYA, which ranks number five among Spain's commercial banks, increased its net profit last year by 18 per cent to Pta 10.69bn (S61m), compared with Pta 9.03bp in 1983.

The result came after the settingaside of a hefty Pta 23.07bn for baddebt risks. This accounted for almost two thirds of the bank's gross earnings figure of Pta 36.11bn. Customers' deposits rose to Pta 1,520bn from Pta 933bn, an increase of 14 per cent. The bank is lifting its dividend from Pta 195 to Pta 212 per

share. · Former minority shareholders of Banco Atlantico, the principal bank of the Rumasa group, which the Spanish government expropriated in 1983, have finally reached a settlement with the authorities on the

level of indemnities to be paid. A shareholders' association approved the latest government offer of Pta 1,738 (\$9.93) per share, including accumulated annual inter-est of 8 per cent since expropriation. The Government initially of-fered to compensate minority hol-ders of the bank's nominal Pta 1,000 shares at par, against more than

double sought by shareholders' rep-

resentatives Early last year the bank was resold to a consortium led by Arab Banking Corporation in conjunc-tion with the Spanish state-controlled Banco Exterior, for Pta 5.1bn. on 75 per cent of the total nominal value of the stock.

# Bank of America sets up technology group

BY OUR NEW YORK STAFF

BANK of America, the second big-gest bank in the U.S. plans to spend \$5bn over the next five years "re-tooling" its systems in a bid to be-come the "most technologically proficient financial institution" in and reflected a "fundamental chies" proficient financial institution" in

The company says it has agreed to a sale of shares to the Zurich con-The bank has set up a group called BankAmerica Systems Engineering(Base) to co-ordinate its approach to managing technology as "a strategic competitive force". ing them an option over two years

The bank says its commitment of ploy 5,000 staff worldwide, is one of the biggest changes in the does business since it introduced ping systems developments, it

fling of the organisational boxes and reflected a "fundamental shift" in the way it approached its business and managed technology.

Although the bank plans to spend an average 51bn a year on automat-ing its delivery system, it was not clear whether this would involve an increase in current capital spending. Bank officials said they hoped that by using their resources more efficiently and reducing overlapwould be possible to complete the five-year project without a substantial increase in current spending.

The new unit will be headed by an executive vice-president, Mr Max Hopper, aged 50, who will report directly to Bank of America's chief executive. Mr Sam Armacost. Mr Hopper joined the bank just over two years ago from American Airlines, where he is credited with having revolutionised the reservation system through computer tech-

Base will consolidate the bank's various technological systems at

home and abroad and will ultimate ly be used to provide extensive com-puterised access to financial serrices and information for the bank's customers around the world.

The bank said that over the next four years it expected its volume of its board had authorised manage-ment to explore the possible sale of business, as measured by "mips", or the toy and fashion businesses and had hired Dillon, Read, the New to increase by 150 per cent. Technology is a primary strate-York investment bank, to review

gic resource", said Mr Hopper. "We're making official the inextriformal offers for the divisions in "a relatively short period of time." cable link between the business of General Mills entered the toy and fashion business via acquisitions in the 1960s. In its last financial year

GENERAL MILLS, the Minneapo-lis-based diversified consumer its of \$72m on sales of \$783m, and lis-based diversified consumer products group, has put its toy and fashion businesses up for sale as its fashion business had profits of \$48.8m on sales of \$587m. part of a major move to concentrate

General Mills has five major operating divisions: the two which are being put up for sale account for a quarter of group profits and sales and close to a third of its \$2.58bn of

The company plans to invest more than \$1.5bn in new fixed assets over the next five years. Toys and fashion account for a relatively small proportion of corporate new investment yet are requir-ing a substantial amount of management time, so the company is considering divestment of the

owards

U.S. \$20,000,000

The Industrial Bank of Japan, Limited London

Floating Rate London-Dollar Negotiable Certificates of Deposit due 30th July, 1986

In accordance with the provisions of the Certificates, notice is hereby given that for the six month Interest Period from 30th January, 1985 to 30th July, 1985 the Certificates will carry an Interest Rate of 815% per annum. The relevant Interest Payment Date will be 30th July, 1985.

Credit Suisse First Boston Limited Agent Bank

AMERICAN ELECTRIC	BAUER		Six months		
Utility	PUWER		Revenue	827.5m 31.9m	751.2m 39.9m
Fourth quester	1984	1983	Net per share	0.90	1.13
_	\$	5	BRITISH COLUMBIA TE	LEPHONE	•
Revenue	1,23bn	1.19bn			
Net profits	122.33m	152.05m	Fourth quarter	1984	1983
Net per share	0.85	0.85		C3	CS
Yeer			Revenue	366.300	344,7m
Reverse	4.95ba	4.37cm	Net profits	39m	35.2m
Met prottip	487.57m	427,96m	Net per share	0.82	0.80
Not per share	285	244	Year		
			Revenue	1.3250	1.30bn
AVCO			Net profits	102.5m	107,1m
Financial services, engli	nearing _		Net per altere	2.07	2.35
Fourth quarter	1984	1983	SQUARE D		
	3	<b>.</b>	Electrical & slectronic pr	oducts	
Revenue	823.3m	796.3zn			
Net profits	35.3m	26.1m	Fourth quarter	1984	1983
Net per share	1.29	0.97	• • • • • • • • • • • • • • • • • • • •	2	\$
Year			Revenue	322m	301.9m
Reversue	2.92bn	2.81bn	Net profits	18.20	17.9m
Net profits	125.5m	102.7m	Net per share	0.64	0.63
Net per share	4.61	3.82	1401 ben eren		
			VARIAN ASSOCIATES		
AVNET			High technology product		
Electronic components				984-85 1	983.84
Second guarter	1984-85	1983-84	LASK GAMES 1	*	3
	3	\$	Revecue	229.2m	196.7π
Reverue	395.0m	395.8m	Net profits	12.5m	11.60
Net profits	12.0m	21.3m	Not per share	0.57	0.53
	0.34	0.80	LAGE TO SUPLEMENT AND ASSESSMENT	4-3	V-00

# The Morgan Bank

In London Morgan House, 1 Angel Court London EC2R 7AE, England Alfred M. Vinton Jr.

Senior Vice President and General Manager

Morgan Guaranty Trust Company of New York [The Morgan Bank] is the principal subsidiary of J. P. Morgan & Co. Incorporated and has assets in excess of \$61 billion

World headquarters: 23 Wall Street, New York, NY 10015 Banking offices, representative offices, subsidiaries, and affiliated companies around the world

### **Condensed Statement of Condition** Dollars in millions

Dougrs in mullons		
A		At December 31
Assets	1984	1983
Cash and due from banks	\$ 4961	\$ 4649
Interest-bearing deposits with banks	6 644	7 659
Investment securities (market value: \$7 350 in 1984		
and \$6 070 in 1983)	7 372	*
Net loans and lease financing	33 356	31 529
Customers' acceptance liability	2811	1 837
Other assets	6 080	3 848
Total assets	61 224	55 683
Liabilities		
Total deposits	39 997	39 473
Federal funds purchased and securities sold		
under agreements to repurchase	8 903	5 822
Other liabilities for borrowed money	4 094	3 544
Liability on acceptances	2813	1 837
Long-term debt	425	401
Other liabilities	1 872	1 700
Stockholder's equity		
Total stockholder's equity	3 120	2 906
Total liabilities and stockholder's equity	61 224	55 683
Selected Income Data		
Dollars in millions	_	
Dougts in Indicous		velve months ended December 31
	1984	1983
Net interest income	\$ 968	\$ 1056
	491	420

## U.S. \$20,000,000

Incorporated with limited liability in the State of New York, U.S.A.

Member of Federal Reserve System and Federal Deposit Insurance Corporation

## Kay Capital N.V. **Guaranteed Floating Rate Notes Due 1985**

## **Kay Corporation**

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period (90 days) from 30th January to 30th April, 1985 has been fixed at 91/1/2% per annum.

On 30th April, 1985, interest of U.S.\$232-81 per Note will be due against coupon No.23.



基益 J. Henry Schroder Wagg & Co. Limited Reference Agent

## CAMBRIAN & GENERAL SECURITIES p.l.c.

US\$100,000,000 Secured Floating Rate Notes Due 1992 Initial Tranche of US\$50,000,000

Notice is hereby given that the initial Rate of interest has been fixed at 9%% and that the interest payable on the relevant interest Payment Date, July 29, 1985 against Coupon No. 1 in respect of US\$10,000 nominal of the Notes will be US\$496.49.

January 30, 1985, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

# SNEF

U.S. \$150,000,000

## Société Nationale des Chemins de Fer Français

Floating Rate Notes due 1988 and Warrants to Purchase U.S. \$150,000,000 141/1% Bonds due April 28, 1990

For the three months 30 January 1985 to 30 April 1985

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 81/16 per cent and that the interest payable on the relevant interest payment date, 30 April 1985 against Coupon No 12 will be

513. \$21.09 per U.S. \$1,000 Note and U.S. \$210.94 per U.S. \$10,000 Note Agent Bank

Morgan Guaranty Trust Company of New York, London

## US\$400,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL CITICORP PERSON TO PERSON,

INC. (Incorporated in the State of Delawore) Unconditionally guaranteed on a subordinated basis by

# CITICORPO

Notice is hereby given that the rate of Interest has been fixed at 81/16% and that the interest payable on the relevant Interest Payment Date April 30, 1985 against Coupon No. 2 in respect of US\$10,000 nominal

of the Notes will be US\$214.06. January 30, 1985, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

**CITIBAN(** 

# French cement group seeks growth in biotechnology

BY DAVID MARSH IN PARIS

LAFARGE French-based

Following a series of acquisi- about 10 per cent of the intertions and expansion moves in national market.

France and the U.S. over the Orsan's plant at Nesles in France and the U.S. over the this year to make up around aspartic acid, used as an 10 per cent of the group's \$2bn ficial sweetener for drinks.

ago that the company needed Orsan — through a 50-50 subto diversify, to counter any sidiary with the Japanese group,
effects of limited expansion or Eurolysine — controls about
stagnation on its traditional one-third of the world market construction-linked over the next decade.

The ideas have been put into The ideas have been put into effect, without great spectacle but with Lafarge's customary deliberation followed by rapid action. In the world-wide biotechnology market, says M Patrice Le Hodey, head of the group's bio-activities: "We have the luck to be small. This makes us prudent. We are not in all the amino acids—but we're in the big ones. Our efforts are highly targeted."

With all its prudence, how-

ness in about 15 years' time.

Lafarge's bio-activities are centred on Orsan, a concern with its roots in the sugar business going back to the beginning of the century. Orsan, which came under Lafarge's control in its 1980 link-up with the Belgian group Copée, got out of sugar and invested in the fermentation business — before "biotechnology" was a fashionable corporate word — during the 1960s.

PPEE, the been seeking. As a technologi-international cal follow-up from its activities rement group, is picking up in sugar refining, Orsan is now momentum in its drive to one of the world's leading producersify into food and agricultural-linked biotechnology actimate (used as a food additive vities.

France and the U.S. USE last few months, biotechnology North East France, a country last few months, biotechnology North East France, a country last leave used seeds. Is expected produces another amino acid, acid used as an arti-

M Olivier Lecerf, the Lafarge chairman, decided several years ago that the company needed to diversify, to counter any sidiary with the Japanese group, markets for a third amino acid, lysine.

This is added to animal feed put into to improve nutrition and lower

the big ones. Our efforts are highly targeted."

With all its prudence, however, Lafarge is clearly thinking big. Its long term planning is based on putting biotechnology activities on an equal footing with the group's cement business with the group's cement business. The Celanese seed companies of the companie

impact," says M Le Hodey. "We decided it should be seeds, where genetic engineering is the principal factor in its development."

Following months of prospection, Lafarge through its Orsan unit took the plunge in May lest mean by harden the Illinois the Belgian group Copée, got last year by buying the Illinois out of sugar and invested in the fermentation business — before "biotechnology" was a fashionable corporate word — during the 1960s.

Orsan, quoted on the Paris bourse, is now owned 70 percent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding the laft of the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent by a holding company.

Earlier this mouth. Orsan companies in the race to decompany, the based company. Lafarge realises it is likely to tangle head on with the world the leaders, in the field, Rhom and percent between Lafarge with the leaders. It followed this up the leaders in the field, Rhom and percent by the line is likely to tangle head on with the world the leaders in the field, Rhom and percent by the last year by buying the Illinois welop hybrids — in which the world the leaders in the field, Rhom and percent by the leaders in the field, Rhom and percent by the leaders in the field, Rhom and percent by the leaders in the field, Rhom and percent by the leaders in the field, Rhom and percent by the leaders in the field, Rhom and percent by the leaders in the field, Rhom



M Olivier Loceri, chairman of Lalarge Copper: Decided several years ago on the meed to diversity.

with activities in 11 countries, including the U.S., Morocco and Argentina.

Claeys-Luck and Orsan are pooling efforts particularly in the race to produce hybrid areas where the accentic part of dramatically increase yield and mediate than with the wheat resistance, as compared with

in the present seed market through a doubling of volume and quadrupling of prices from current levels.

The two groups are linking up with the National Agronomical Research Institute (INRA) and other French seed to biggest vegetable are biggest vegetable are seed to be seen biggest vegetable. Harris and Moran, employing 300 people, represent one of the ten biggest vegetable are businesses in the world. The relatively small Celpril has developed potentially important techniques for assisting plant growth by "coating seeds with biotechnologically-produced migroorganisms.

the 1960s.

Orsan, quoted on the Paris bourse, is now owned 70 per cent by a holding company, the shareholders in which are split between Lafarge with 66 per cent and the farmers' co-operative bank, Credit Agricole, with 34 per cent. The remaining 30 per cent is held by outside investors, including small shareholders and some large French and foreign institutions.

Orsan provided Lafarge with 60 per cent, the blotechnology entrée it had

# FT COMMERCIAL LAW REPORTS

# Coke bottle not registrable as trade mark

IN RE-APPLICATIONS BY THE COCA-COLA COMPANY

Court of Appeal (Lord Justice Lawton, Lord Justice Browne-Wilkinson and Sir Denys Buckley): January 23, 1985

A LINE drawing of a bottle may be registrable as the trade mark of a beverage if the bottle depicted is unusual and distinctive; but the bottle itself or its shape are not registrable in that they are not "marks" capable of being applied to or incorporated in the berage.

The Court of Appeal so held when dismissing an appeal by Coca-Cola Company in respect of two applications for registration of trade marks, and allowing it in respect of one application, from a judgment of Mr Justice Falconer upholding the Registrar's objections to the applica-

Section 38 of the Trade Marks Act 1938 provides: "(1) In this Act . . . mark' includes a device brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof . . (2) References in this Act to the use of a mark shall be construed as references to the use of a printed or other visual respesentation of the mark."

LORD JUSTICE LAWTON said that at the beginning of the cen-tury the company started to produce and sell Coca-Cola in the U.S. It was a success and there were many imitations. In 1916, in order to stop imitations, it designed a bottle of unusual shape in which to sell its bever-

In the early 1920s the company started to sell Coca-Cola in its unusually shaped bottles in the UK. There was ample evidence to show that the public in the U.S. and the UK associated the

on January 9 1976 the company applied to register a trade mark consisting of "the distinc-tive shape and appearance of a bottle... as shown in the accompanying representation and specimen."

The Registrar objected to the

application on the ground that application on the ground that the specimen was purely a container and bore no trade mark characteristic. He said: "It follows that if the actual bottle cannot be regarded as a trade mark, neither can a pictorial representation of it."

On March 13 1980 an applica-tion was made for registration of a line drawing of a Coca-Cola bottle. The only objection to that was that the mark, consist-

A third application, also dated March 13, was made on the basis hottle of the shape shown" in

three perspective drawings. The Registrar objected because, so he said, what was claimed to be a mark consisted of the non-distinctive device of

Mr Justice Falconer upbeld all the objections. The company

The main issue was whether a bottle of unusual shape could be a "mark" at all. The starting point must be the construction of the word in the Trade Marks It was a word in ordinary use.

not a word of art. Its construc-tion was not limited by the words which followed it in the statutory definition. It had many meanings according to the context in which it was used. The dictionary meaning most

apt to the subject matter of the appeal was "a sign affixed or impressed for distinction" Oxford English Dictionary). (see In Smith Kline and French [1976] RPC 511, 534 Lord Dip-

lock said that "... a 'mark' must be something that can be repre-sented visually and may be ... applied to ... or incorporated in the structure of the goods." The relevant question was whether the bottle could be said

to have been "applied" to the goods, which were 2 non-alco-holic beverage, or "incorporated" in them. As 2 matter of the ordinary use of English language, the answer was "no." In Smith Kline and French the colouring giving the distinct tive appearance to the goods which were drugs in a capsule, had clearly been applied to them. What was adjudged by the House of Lords to be the trade mark was the overall appearance of

capsule. The bottle did not affect the appearance of "the goods," the beverage in it.

the goods, not the shape of the

Mr Blanco White, for the company, argued that the public associated the shape of the bottle with its contents; but that did not provide a reason for departing from the meaning of the statutory language.

That opinion was fortified by the Court of Appeal decision in James's Trade Mark (1886) 33 Ch D 392. There Lord Justice Lindley said: "A mark is some thing distinct from the thing marked. The thing itself cannot be a mark of itself... There is no monopoly in the shape."

In Smith Kline and French at page 537 Lord Diplock, after referring to James, said that "the thing marked" in the instant case is the pharmaceutical substants in relief the page 15 per p stance in pollet form within the

ing of the drawing, was "not capsules and the 'mark' is the distinctive." colour applied to one half of the capsule and the various colours applied to the individual pellets within the capsule." He did not disapprove of the statement that a shape as such could not be

> Mr Justice Falconer was right to uphold the Registrar's refusal to register the "bottle" and the "shape" in the first and third applications, on the ground that they were not "marks."

> He went on to adjudge that even if they had been marks they were not distinctive.

On the evidence and on the application of the principles enunciated by Lord Diplock in Smith Kline and French at pages 538-539, he was wrong in adjudging that Coca-Cola bottles were

not distinctive. The evidence clearly established that the bottles distinguished the beverage in them from similar beverages produced by others. They had served their purpose for about 60 years. If any competitor sold his beverages in bottles closely resembling Coca-Cola bottles, his conduct

would amount to passing-off. It followed that no other trader could have a legitimate reason for using bottles of that shape, and that the shape of the bottles distinguished the company's goods for the purposes of the 1938 Act.

If the shape of the bottle was distinctive, as it was, a kne draw-ing of that shape was also likely to be distinctive. It was more than a line drawing of a basic bottle shape.

The appeal should be dis-missed in respect of the applica-tions for registration of "the shape and distinctive appearance of a bottle" and of "a bottle of the shape shown." It should be allowed in respect of the line drawing.

drawing.

SIR DENYS BUCKLEY, agreeing, said that James's Trade Mark did not directly decide that the shape of an object could not serve as a trade mark in respect of that object, but Lord Justice Lindley's dictum in so far as was known, had never been disapproved. Adopting his observation that "the thing itself cannot be a mark of itself," his Lordship held that the shape of the thing marked could not of itself serve as a trade mark in respect of that thing, even if the shape were a fancy shape.

Lord Justice Browne-Wilkin-

Lord Justice Browne-Wilkin son agreed with both judgments. For Coco-Cola: T. A. Blanco White QC and Christopher Mor-com (McKenna and Co.). For the Registrar of Trade Marks: Hugh Laddie (Treasury

Solicitor j. By Rachel Davies

# The Investment Trust Table

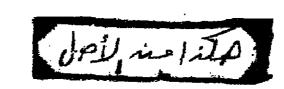
The Association of Investment Trust Companies regrets that, owing to a computer programming error in adjusting for warrants or options in issue, the net asset values of the following investment trusts were incorrectly stated in column (6) of the Table published on Saturday 26th January 1985. The figures as published together with the corrected net asset values as at 21st January 1985 are set out below in the same order as in the original Table.

Net Appet Value as at 21st January 1965

والمنافقة والمنافقة

Name of Trust Figure (pence)
147
193
202
200
254
74
903
208
118 rgb Investment Gartmore Information & Pinencial Group Investors Hambros CJR Pacific Drayton Far Eastern F&C Pacific TR Australia TR Pacific Besin Boillie Gifford Japan 104 191 192 372 321 68 377 Boillie Gittura Supplied Boillie Gittura Supplied Boillie Gittura Supplied & International Consolidated Venture

Edinburgh Financial Murray Ventures Suewart Enterprise The Association of Investment Trust Companies



# INTERNATIONAL COMPANIES and FINANCE

# **Barclays National profit down 42%**

THE DETERIORATING busi- have to increase their monthly to fall in 1985. However, while ness climate, narrower banking repayments. This was an this would under normal cirmarnins, losses on mortgage attempt to stem revenue losses cumstances lead to an improvemargins, losses on mortgage lending, and reduced hire-purchase lending margins contributed to a 42 per cent drop in operating profit in 1984 for Barclays National Bank, the 55 per cent-owned South African subsidiary of Barclays Bank of the UK.

Operating income dropped to R115.8m (\$54.4m) in 1984 from R198.3m in 1983 despite an in-crease of 41 per cent in total advances to R13.52bn and a rise in total assets to R19.43bn from R15.55bm

Barclays increased its mortagae lending rate yesterday by 1.5 percentage points to 22.25 per cent and told mortagae holders that they would be recommercial banking arm's taxed earnings dropped to R37.2m from R71.5m.

The commercial banking dropped to point and earnings arm's taxed earnings dropped to R37.2m from R71.5m.

The commercial banking dropped to point and earning south African cement and engineering group, in the year ended November 30 1984, but also led to improvements in operating profit and earnings.

Korean funds

allow foreign

are expected to be the fund's

The Ministry of Finance and

the companies involved have not yet settled on the market

for the new fund, although it

There is also disagreement over how much of the fund's

assets will be invested in

equities and how much in cor-porate bonds. The Ministry is pushing to have the fund invest between 30 and 50 per cent

of its assets in corporate bonds,

while the securities companies

want to invest more heavily in

of bonds in the market was in excess of demand and that new

investment trusts, whether sold in foreign or domestic markets,

would be required to keep a larger percentage of their portfolios in bonds.

Last year a \$60m closed-end fund, Korea Fund Limited, was listed on the New York Stock

The Ministry said the supply

is expected to be in Asia.

lead managers.

equities.

investment

repayments. This was an attempt to stem revenue losses on the bank's R1.2bn home loan portfolio. Barclays is the only commercial bank to have lent heavily on mortgages and yesterday's increase lifted its home loan lending rate to about 3 percentage points above building society levels.

Weshank Barclay's hire-Wesbank, Barclay's hire-purchase lending arm, halved its operating income to R25m from R50.2m despite lending at record levels. The directors

blame ceilings on hire purchase lending rates for the decline. The commercial banking arm's taxed earnings dropped to R37.2m from R71.5m.

ment in banking margins, the directors say that conditions are too uncertain to predict the group's interest income this year. They add, "It would be year. They add, It would be unwise to forecast earnings or dividends for the bank in what is expected to be a very difficult year."

The dividend total is being maintained at 95 cents though earnings dropped to 151.6 cents a share from 236 cents.

The rationalisation of its interest and the statement of the terests led to a substantial drop in turnover for Blue Circle, the

Turnover dropped by \$5 per cent to R194m (\$91m) as a result of the sale of the loss-making subsidiary Hudaco and the relinquishing of loss-making earthnoving equipment franchisch but there was an increase. chises but there was an increase in operating profits to R33.7m from R29.8m.

Large capital spending allowances led to a reduction in the effective tax rate to 24.3 per cent from 32.7 per cent and earnings attributable to ordin-ary shareholders rose to R18.8m from R11.2m.

Earnings increased to 81.6 cents a share from 53.4 cents and the dividend total has been held at 38.5 cents a share. Blue Circle is 55 per cent-owned by Blue Circle Industries of the

# Investcorp assets almost trebled of the Philadelphia Board of Trade.

ing Corporation (Investcorp), which last August led the THE KOREAN Government expects to authorise this year three new open-ended trust funds, scaled at \$30m each, that will allow foreigners to invest leveraged buy-out of Tiffany & Co, the New York jeweller, nearly trebled its assets and achieved a substantial improveindirectly in Korean securities. ment in net earnings for 1984.

The issue of the new funds Assets jumped from US\$81.3m continues a gradual process of liberalising the market and broadening investment oppor-tunities for foreigners. Nonat the end of 1983 to \$236m, while profits of \$11.1m compare with \$10.2m in the previous 18-month financial period. The resident foreigners are cur-rently barred from directly owning Korean securities. directors are recommending the Among the major deals distribution of a 15 per cent arranged by Investcorp in 1934

The first of the new funds is Return on shareholders' equity expected to receive final authorisation in late March. The fund will be managed locally by Citizens Investment Trust of just over \$50m improved from 20.3 per cent to 22.1 per cent, and the return on average assets was 7 per cent. Company. Jardine Fleming Limited and Nikko Securities

Investcorp is a publicly quoted Bahrain investment bank founded in 1982 by a nucleus of 120 Gulf-based individual and corporate investors who each one half per cent of the \$200m the senior debt and a portion issued capital (which is still of the subordinated debt and

Another 215 founders sub-scribed \$54m, leaving \$26m worth of shares for public flotation. Although the issue was 1,400 times oversubscribed, many small investors as well as speculators were disillusioned when share prices crashed in the aftermath of the collapse of the Kuwaiti stock market.

The \$135.5m buy-out of Tiffany and Co by Investoorp and 28 members of Tiffany's senior management from Avon Products. The transaction was structured to utilise the com-pany's assets as the basis for sourcing the senior debt, subordinated debt, and an as yet unspecified amount of new put in \$1m. They had agreed equity to fund the purchase on a limit per shareholder of price. Investcorp is now placnig

ARABIAN INVESTMENT Bank- only 25 per cent paid up) in equity in the U.S. The rest of ing Corporation (Investcorp), order to ensure a broad client the subordinated debt and which last August led the base. ternational investors later in 1985. Investorp will follow its usual practice of retaining a portion of the investment for

its own account. The arrangement of the \$36m purchase of a significant interest in Whittaker Corporation's marine group. Whittaker agred to sell its Bertram Yacht division, Trojan Yacht division, Kettenburg Marine division and Riva Yacht subsidiary to three newly formed corporations which will be jointly owned by Whittaker and Investcorp.

The placing of the Middle East portion of a \$42m international venture capital partnership set up by Olivetti.

• A \$22.3m first mortgage on

prime Philadelphia office building where corporate tenants have already leased 22 of the 25 floors. Investcorp has been retained to advise on the ing programmes.

# Marginally higher results at Shiseido

Shiseido Company, Japan's leading manufac-turer of cosmetics, lited parent icompany net profits by 0.6 per cent to Y12.41bn (\$48.8m) in the year to November. Pre-tax

year earlier to Y318.06bn. The company said sales edged upward mainly due to the development of new products,

to active sales of former pro-ducts, and to the strengthening profits were 5.9 per cent heiher at Y30.36bn and sales rose by 1.7 per cent to Y323.31bn

Earnings per share eased to Y53,18, on increased capital from Y59.29 but the dividend development, especialy in the control of the strengthening of its marketing organisation.

From July last year, Shiseing said, it began to place more said. From July last year, Shiseido said, it began to place more emphasis on research and development, especialy in the biotechnology field, and started share with an unchanged final payment of Y5.

Salès of cosmetics, which account for 84 per cent of the

 Wang Laboratories, a major U.S. manufacturer of office computers, has launched a full-scale business operation in Japan with the opening of a showroom in central Tokyo and the announcement of a line of hard ware capable of Japanese language processing.

Wang's move to Japan is to be followed on February 4 by the Lowelt, Massachusetts-based to work toward improving pro-duction processes and stream-lining business operations racific region.

This announcement appears as a matter of record only.



PHILIPS

## N.V. PHILIPS' GLOEILAMPENFABRIEKEN

Dfls 300,000,000

4% Bearer Bonds 1984 due 1990/1994

with Warrants to subscribe ordinary shares of

N.V. Gemeenschappelijk Bezit van Aandeelen Philips' Gloeilampenfabrieken

Amsterdam-Rotterdam Bank N.V. Algemene Bank Nederland N.V.

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Dresdner Bank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

Goldman Sachs International Corp. Morgan Guaranty Ltd

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**Nomura International Limited** 

Morgan Stanley International Société Générale de Banque S.A.

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

This advertisement appears as a matter of record only



## First Kentucky National Corporation

U.S. \$45,000,000

Short-Term Note Issuance Facility

Banque Pariba

Crédit du Nord

First Interstate Limited LTCB International Limited State Bank of New South Wales Istituto Bancario San Paolo di Torino Manufacturers Hanover Limited

Sumitomo Finance International

Swingline Facility

Banone Parihas First Interstate Bank of California

The Long-Term Credit Bank of Japan, Ltd. New York Branch State Bank of New South Wales

Crédit du Nord New York Branch Istituto Bancario San Paolo di Torino New York Branch

Manufacturers Hanover Trust Company The Sumitomo Bank Limited

New York Branch

Manufacturers Hanover Limite

This advertisement complies with the requirements of the Council of The Stock Exchange and does not constitute an offer of, or invitation to subscribe for or purchase, any securities,

# U.S.\$200,000,000 First Chicago Corporation

Floating Rate Subordinated Capital Notes Due February 1997

The following have agreed to purchase the Notes:

Mitsubishi Trust & Banking Corporation (Europe) S.A.

Salomon Brothers International Limited

Credit Suisse First Boston Limited

**Merrill Lynch Capital Markets** 

First Chicago Limited

**Bank of Tokyo International Limited** 

Dai-Ichi Kangyo International Limited

**Banque Paribas** 

**Enskilda Securities** 

Société Générale

**IBJ International Limited** 

Samuel Montagu & Co. Limited

Yasuda Trust Europe Limited

PK Christiania Bank (UK) Limited

**Sumitomo Trust International Limited** 

The Taiyo Kobe Bank (Luxembourg) S.A.

**Bank of China** 

Philadelphia

and Hong

Kong plan

futures link

THE Hong Kong Commodity Exchange, the Philadelphia Stock Exchange, and the Philadelphia Board of Trade

(PBOT) are considering the possibility of linked 24-hour trading in currency and Eurodollar options and other financial futures.

An agreement to begin

An agreement to begin detailed discussions on possible cooperative activities was announced following a meeting in Philadelphia last week between Dr Kim Cham, chairman of the Hong Kong Commodity Exchange, Mr Nicolas Giordano, president of the Philadelphia Stock Exchange, and Mr Arnold Staloff, president

the Philadelphia and Hong Kong exchanges will con-centrate on the technical aspects

research and the study of new

contracts, according to Dr Cham. He added that discus-

sions are expected to last at

least a year. Later this year the Hong Kong exchange is due

to change its name to the Hong Kong Futures Exchange and

launch a stock index futures

The Philadelphia exchange

currently trades six currency options and has seen volume

grow from 192,650 contracts in

1983 to over 1.48m last year.

of a proposed link and

Initial

contract.

Banque Nationale de Paris

County Bank Limited **Dresdner Bank Aktiengesellschaft** 

Fuji International Finance Limited

S.G. Warburg & Co. Ltd.

LTCB International Limited

Mitsui Trust Bank (Europe) S.A.

Morgan Grenfell & Co. Limited

Orion Royal Bank Limited

Postipankki

Société Générale de Banque S.A.

Toyo Trust International Limited

Westpac Banking Corporation

Swiss Bank Corporation International Limited

**Union Bank of Switzerland (Securities) Limited** Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List.

Interest on the Notes is payable quarterly in arrears, commencing 3 months after the date of Issue.

Exchange and up to and including February 13, 1985 from:

ndon EC2R 7AN

The First National Bank of Chicago London Bran First Chicago House

January 30, 1985

Listing Particulars relating to First Chicago Corporation and the Notes are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including February 1, 1985 from the Company Announcements Office of The Stock

All of these securities have been sold. This announcement appears as a matter or record only.

MONTGOMERY SECURITIES



BEAR, STEARNS & CO.

WERTHEIM & CO., INC.

PAINEWEBBER

DREXEL BURNHAM LAMBERT

# centrafarm group nv

1,000,000 Common Shares

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

PRUDENTIAL-BACHE

ALEX. BROWN & SONS

DONALDSON, LUFKIN & JENRETTE HAMBRECHT & QUIST E. F. HUTTON & COMPANY INC. LAZARD FRERES & CO. LEHMAN BROTHERS SMITH BARNEY, HARRIS UPHAM & CO.

PIERSON, HELDRING & PIERSON N.V.

DEAN WITTER REYNOLDS INC.

COMPAGNIE de BANQUE et d'INVESTISSEMENTS, CBI INVESTICO N.V. NEDERLANDSCHE MIDDENSTANDBANK N.V. PICTET INTERNATIONAL LTD. VEREINS- und WESTBANK M. M. WARBURG-BRINCKMANN, WIRTZ & CO.

December, 1984

# Streamlined Rank moves ahead 52% Globe soars

A STRONGER financial position has arisen at the Rank Organisation from improving performance and the disposal of low yielding assets, and the directors say this will provide increasing opportunities to continue profitable development of leisure nad industrial businesses.

Following a 27 per cent lift in pre-tax profits at the halfway stage to £48m, profits for the year to the end of October 1884 grew 52 per cent from £69.3m to £105.3m.

During the year under review the directors say that planned sales of unwanted assets realised further sales have raalised an additional £82m. As part of this programme, Rank's interest in investment property has come to an end, with the sale, in three separate transactions, of the Rank City Wall Company.

Trading performance in the early part of the current year has continued to show improvement in managed business, say the directors, and increased profitability is anticipated from associated companies. associated companies.

A 20 per cent lift in the dividend has been recommended—a final of 7.2p against 6p raises the total payout from 10p to 12p. Earnings per 25p share are shown moving up sharply from 14.3p to 27.7p.

Turnover of this group, which has interests in film and television services, holidays and recreation, hotels and catering and electro-optical and electronic equipment, was lower at £724.7m against £742.9m.

Most of the profits are generated during this period owing

to the seasonal nature of the group's business but while it is too early to forecast the results

1984. Present economic outlook indicates that trading in the second half will be more difficult than in the first, say hie direc-



Sir Patrick Meaney, chairman of Rank Organisation

£59.8m, reflecting increased improvements from all the main operations, except Rank Travel and UK Film Exhibition. Holidays and recreation were £7.6m down at £8m. Rank Xerox asso-ciates contributed 22 per cent more at £63.9m—other associates profits came to less at £1.5m

the total payout from 10p to 12p.
Earnings per 25p share are shown moving up sharply from 14.3p to 27.7p.

Turnover of this group, which has interests in film and television services, holidays and recreation, hotels and catering and electro-optical and electronic equipment, was lower at £724.7m against £742.9m.

At the trading level profits increased by £30.3m to £125.2m with managed businesses contributing 57 per cent more at the first per can be a shown of trading profits shows: film and television services £7.2m (£6.4m); holiday and recreation £8m (£15.6m); holiday and recreation £8m (£16.4m); holiday and recreation, hotels and catering £11.3m (£6.4m); international £5.6m (losses £2.9m); clip wall £11.9m (£6.4m); international £5.6m (losses £2.9m); clip wall £10.1m); clip wall £10.1m); clip wall £10.1m); clip wall £10.1m); clip wall £10.1m; clip wal

Once again D. Dekker produced commendable results. Due

to continuing expansion it is now in the process of moving to larger and more suitable premises adjacent to its second

Cowan de Groot, importer and manufacturer of toys and giftware, continued its profits The interim dividend is the recovery over the six months to October 31 1984, despite a virtual standstill in turnover.

Most of the profits pushed ahead by 246,000 to £658,000.

The interim dividend is the same at 1p net per 10p share, to October 33 1984, despite a Earnings improved to 3.3p (3.1p).

Once again D. Dekker pro-

for the full year the directors are "optimistic of a satisfactory outcome."

Group turnover for the opening half declined from £15.79m to £15.66m but at the pre-tax of the full year the directors and accept to its second factory in Tottenham. Other companies within the group, notably EWL Electric in Dublin and W. F. Horwood, continued their upward trend in profitability.

**Home Farm falls midway** 

A drop in pre-tax profits from \$\frac{5510,000}{1000} to \$\frac{2387,000}{1000} has been held at 1.15p. For the 53 shown by Sheffield-based pork weeks to June 2 1984 a total of butcher, Home Farm Products, for the 26 weeks to December 1 profits of \$\frac{2329,000}{1000} (\frac{21.01m}{1.01m}).

1984 Present economic outlook First-balf earnings per share are indicates that trading in the shown as slipping from 5.32p to 4.69p.

second half will be more difficult than in the first, say his directors.

However they point out that there should be a "moderate contribution" to profits from the recent acquisition of Bowlers

Potted Meat.

How as slipping from 5.32p to 4.69p.

During the past six months an additional retail freezer centre has been acquired in Sheffield, and the size of bacon packaging premises at Worksop has been adjacent building.

Cowan de Groot makes further headway

Organisation 1980 '81 '82 '83 '84

fell to £146.1m, and interest costs showed a consequent fall of £5.7m to £19.9m. Another significant divestment during the year was the sale of the group's 50 per cent shareholding of an associate. The Greater Union Organisation in Australia.

As a result of the past decline in film exhibition in the UK, Rank owns a number of cinema sites that are no longer in operational use. It is continuing

Cowan de Groot (Toys and Giftware) suffered from sterling's fall and two dock strikes, and action being taken here is unlikely to benefit the profit and loss account during the year.

The result of the Harrogate
Toy Fair, an important indicator
of the 1985 season, was "extremely encouraging."
In the electrical and hardware
sector Richard Kelly found sales

in the first six months, but the

directors anticipate an improve-

ment in the full-year result fol-

lowing the stabilisation of new

The taxable result for the first

half to September 30 1984 was £530,000, against £602,000, after the expected development and

production costs associated with the new product introduction.

product ranges.

particularly sluggish and is Cowan de Groot saw battling hard to restore a reasonable profit contribution."

The improved position of EWL 1981-82. Last year Electric, the Irish subsidiary, covered to £880,000.

Dom set for improvement

Profits fell at Dom Holdings ducts. Turnover for the period

he new product introduction.

Dom manufactures fixing pro
will take a same again £129,375, to leave retained earnings of £131,043 (£263,275).

25% to Profits were subject to tax of £42.1m (£37.8m) leaving net profits ahead from £31.5m to £12.6m at £63.2m. Minorities took more nine months at £6.6m (£2m) and last time there were extraordinary charges of £25.4m. which means THIRD OUARTER available the attributale balance emerges sharply up from £4.1m to £56.6m. profits of the Globe Investment Trust rose by £3.12m to

for the nine months to December 31, 1984 from £10.07m to £12.62m, an increase of over 25 per cent. (£20.8m) which gives a surplus carried forward of £31.8m this time, against a previous deficit of £16.7m. Net tangible assets per share The third quarter especially at the year end came to 232-3p compared with 235.5p.

Rank Prevision Industries Holdings, a subsidiary of Rank benefits from dividend receipts from some of the group's major holdings. And changes in the portfolio since last year further boosted Organisation, which has a major interest in Rank Xerox, and which makes a range of precision-made products including income for the quarter. The directors do not expect

Dividends will absorb £24.8m

a joint distribution company with Irish Cable & Wire. The new company has been granted, with certain minor exceptions, sole distribution rights of Irish Cable & Wire's products in Ireland.

Group tax for the first six months took £139,000 (£117,000) to leave the net balance at £517,000 (£493,000

Cowan de Groot saw its profits before tax rise to £2.57m in 1979-80 but fall to £135,000 in

under review amounted to £8.6m

An unchanged interim dividend of 1.725p has been declared.

Last year's total dividend was 4.95p, when pre-tax profits amounted to £1.04m.

First-half tax was £269,819

(£209,496), leaving a net profit of £260,418 (£392,650). Dividends

compared with £8.18m.

the same percentage income increase for the full 12 months but say they are broadcast television equipment, made higher pre-tax profits of £42.65m against £36.13m, on turnover of £57.04m compared with £56.39m. looking for another "satis-factory" improvement despite the rapid rise in interest rates in the UK.

Available profits for the 1983/84 year totalled £15.14m

with £56.39m.

Pre-tax profits included associate profits of £31.97m (£26.12m) and interest receivable of £3.81m (£3.73m). Profits were subject to tax of £18.49m (£17.26m), and minorities took £912.900 (£918,000). There were extraordinary credits this time of £2.35m (debits £497,000).

Investment income at A. Kersbaw & Sons, a subsidiary of Rank Organisation which has an associate holding, Rank Precision Industries, increased from (£13.48m). At December 31, 1984 net asset value per 25p share net of prior charges at market value had risen to 360.89p, an increase of 9.06 per cent over the 330.9p at end-March 1984.

Group income for the nine market improved from months improved from £18.9m to £25.05m with the Industries, increased from £4.37m to £5.06m, which was subject to tax of £121,000 compared with £206,000.

third quarter contribution up by £4.09m at £8.93m. Available profits for the Earnings per share were shown as 14.15p, against 11.91p, and a same-again final of 11p has been recommended, which holds period were struck after period were struck after deducting interest charges of £6.29m (£2.48m), tax of £6.04m (£5.59m) and adding in minorities of £25.000

Earnings per share at nine months were 7.68p (6.15p) basic and 7.53p (6.06p) fully basic and 7.53p (6.06p) fully diluted. Respectively these were increases of 24.88 per cent and 24.26 per cent, Basic third quarter earnings totalled

£5,23m and lifted the total

3.18p: fully diluted they emerged at 3.08p. The directors say the past months have seen a steady deterioration in the U.S. agricultural industry and, with the exception of a pecan processing and freezing plant which is a profitable investwhich is a profitable invest-ment, the group is now for-tunate to be totally disin-vested from U.S. agriculture. Globe has disposed of its total 7.14 per cent share hold-ing in Stone International. The shares were placed pri-marily with institutional

written by County Bank, are being offered at 650p a share. Samuelson shares, which have risen dramatically over the last year from a low of 145p, fell 50p yesterday to 790p.

Samuelson's pre-tax profits for in the first half of the year are

comment

Globe is no longer the big and very general fund that was born out of the merger with Cable in 1977. It has concentrated its portfolio— 36 companies now account for over 60 per cent of assets —and its managers search for specific situations rather than worryingabout portfolio weightings. The active man-agement style, which perhaps first emerged at the time of the Mercantile House/Oppenheimer takeover, has reappeared time and again. Globe has a reputation for backing management buy-outs and it was instrumental in nurturing Stone back to the market. And the role of passive investor was well and turly shed with a 20 per cent investment in Waterford Glass. The market can expect more management changes there before long. All this effort has rewarded shareholders with an above average performance in recent years and there could be a dividend increase of 12 to 14 per cent on the way for a yield of 5.7 per cent at 253p. But still the shares stand at a 30 per cent discount to assets against a sector aver-age nearer to 25 per cent. In part that is a reflection of Globe's sheer size—£700m of assets. But the group is worthy of a better rating and very slowly the market's per-ception of the stock should

change.

# Courts (Furnishers) returned lower first-half taxable profits of £2.62m against £2.81m, although the result included a lower first f deferred profit of £297,000 (£603,000) because of increased credit trading averseas.

Turnover for the six months to end-September 1984 rose from £35.48m to £42.53m.
Sales in the UK were ahead of last year but profits were held back by increased financing costs on higher borrowings, as fore-shadowed by Mr Edmund G. Cohen, chairman, in the last annual report and accounts.

To date, six new stores have opened in the UK, including two out-of-town retail warehouses at Corby and Swansea. Two stores have been closed.

# half profits of £2.62m BOARD MEETINGS Finals: Flaming Findgring invitation Trust. Tarognories Trust. Umos Du count, Voge'streightil Metal.

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually hald for the puracess of considering dividends. Official indeptions are not available as to whether the stindends are interims or finals and the subdivisions shown below are based mainly on last was a pinetable.

Interims: Applied Holographics. English Association, Gold Fields Property, Harvey and Thompson, New Witwatersrand, Oceans Consolidated, Pearities. Trent Holdings, Wintrust, Zaffers. Finels Qualcast Feb 14 Goods Durfast and Morray Feb 7 Willoughby's Consolidated Jan 31

Courts returns lower first

profit after tax emerged shead after a lower tax charge of £1.08m (£1.31m). Minorities accounted for £147.000 (£137,000). Profits were adjusted, as previously for movements in

plodder. Of late, the company has suffered from the fact that most of its shops are simulated in the High Street at a time when furniture sales have increasingly moved to edge-of-town locations, with the result that it has not really been a full participant in the consumer spending bosom. Now, however, this seems to be changing with the opening of two out-of-town shops, but the transformation will be a long had. Looking at these figures specifically, the underlying trading position in the UK is as improving one after diacounting the effects of higher interest charges from the doubled apending programme and the deterred have been closed.

Overseas, seven units in Hong Kong were sold but eight opened in existing trading areas, four in Australia, two in Singapore and one each in Barbados and St Lucia A new store will open shortly in Mauritius.

The interim dividend is being held at 1.75p net per 25p ordinary. Stated earnings were fi.4 p (6.2p). A final of 2.95p was paid for the last full year. There was an extraordinary charge of 5527,000 (nil) being the anticipated loss resulting from the sale of Court's Hong Kong subsidiary in September, which had been trading at a "substantial loss." Elsewhere, overseas trading was satisfac-

FUTURE DATES

European Assets Trust.
M. Holdings
Herter Estates
Protings

# Samuelson makes £3.94m rights

BY STEFAN WAGSTYL

with a one-for-four rights issue. The company, which also announced record interim profits announced record interim profits vesterday, says it wants the money to expand and to make further acquisitions, following three purchases in the past year. The issue will reduce the interests of the controlling Samuelson family from about 77 per cent to around 65 per cent.

cent.
The 633,295 new shares, under-

Samuelson Group, the film and the six months to the end of audio-visual equipment hire September were up 128 per cept finance director, said that the fall company whose latest credits include Amadeus, a film of the cent to \$1.2m on turnover up 24 per finance director, said that the fall of the of Mozart, is raising £3.94m f488,000 (£276,000).

For the first time the combaffor for international combaffor international combaffor for international combaffor interna

fass 00 (£276,000).

For the first time, the company is paying an interim dividend—2.5p net—and it is fore-idend—2.5p net—and it is fore-idended—2.5p net—and it is fore-idend

There seems little doubt that

There seems little doubt that those investors lucky enough to have got their hands on scarco Samucison shares in the past should take up the opportunity to buy some more. They should not be unduly worried that the shares fell 6 per cent yesterday: they trade in a narrow market and it was a terrible day. The group has a clear idea of its expansion plans—while its traditional film-making business is buoyant, it is diversifying into areas where its skills and reputation and showe all its great pool of hardware can be profitably of hardware can be profitably employed. The company ought to make about \$2.6m, which on a 40 per cent tax charge, puts the shares, on an ex-rights price of 762p, on a prospective multi-ple of about 12i. At that level Samuelson is still attractive to new investors, though they would be well advised to wait

**EQUITABLE** 

# The Rank Organisation

	1984	1983
Turnover	£724.7m	£742.9m
Profit before tax	£105.3m	£69.3m
Earnings per share	27.7p	14.3p
Ordinary dividend	12 <b>p</b>	10p
Net debt	£1461m	£241.1m

The abridged profit and loss account for the year ended 31st October 1984 is an extract from the Report & Accounts which will be filed with the Registrar of Companies upon which the auditors have given an unqualified report.

\* Profit before tax +52%\* Earnings per share \* Dividend +20%



A year of continuing improvement

The 1984 Report & Accounts will be posted to shareholders on 18th February 1985. Copies may be obtained from the Secretary The Rank Organisation Pic, 6 Connaught Place, London W2 2EZ.

Meggitt recovery boosted A TURNROUND of £535,000 to ness, the directors say. profits of £354,000 has been produced by Meggitt Heldings for the year to the end of October 1984, including a two months contribution from the recently acquired Insley Group.
Meggitt returned to profits of
£152,000 (losses £140,000) at the
halfway stage following three years or losses.

Full year turnover of this holding company which distributes machine tools, moved up from £3.82m to £5.22m.

Early months trading in the current year show a further deposit and believe the group increase in turnover and a better is well placed for expansion durevel of inquiries for new busi- ing the next 12 months.

Since the year end two more acquisitions have expanded energy engineering activities. At the time of the Insley acquisition the directors said it would help facilitate a return to dividend payments and envisaged declaring one in the next financial year.

Di	VIDE	NDS	ANNO	UNCE	D
			of	Corre- sponding t div.	for
llite	jat	1‡	March	13 —	_

		Date	Corre-	Total	Total
	Current	of s	ponding	for	last
	payment	payment	div.	year	year
Access Satellitein	t 1‡	March 1	<del>}</del> —	_	_
Courts Furnishersin	t 1.75	April 12	1.75	_	4.72
Cowan de Grootin	t 1	April 1	1		2
Daeian Hldgsin	t 5f	March 21		-	12.5
Dom Holdingsin		March 1		_	4.95
Hambro Trustin		March 20		-	6.11
Haynes Publishingin		April 30		_	12
Home Farm Products in		May 10		_	3.25
IDC Group			5.12	7.5	6.75
Kellock Trust		April 19		0.6	0.35
Leda Inv. Trust sec in		Feb. 28		5.6	5.04
Meat Trade Supin		March 2			5.25
Microgen		April 9	4	10	6
Rank Organisation ,	. 72	April 8	ē	12	10
Samuelson Groupin					
Distant troup	. 24 	April 9	ип		*6.65
Dividends shown pence	per snare	uet excebi	c wnere o	therw	ise state:
* Equivalent after	allowing	for scri	p issue.	†0	n capit:
increased by rights	ind/or a	equisition	issues.	‡ US	M stock
§ Unquoted stock. ¶ To	reduce di	sparity.	Final of	6.5p i	s forecas

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

# **MEMCOM International Holdings Plc**

The Memcom Group is principally engaged in the design, development and implementation of electronic filing systems, the provision of consulting services and the design, manufacture and sale of related hardware and software proprietary products. The Memcom Group integrates these component products together with other manufacturers' products to provide turnkey electronic filing systems for clients to improve their management of information.

## Introduction

Unlisted Securities Market

Robert Fleming & Co. Limited

SHARE CAPITAL Issued and fully paid £500,576 10,000,000 Ordinary Shares of 10p each

Application has been made to the Council of The Stock Exchange for the grant of permission for the whole of the issued ordinary share capital of the Company to be dealt in on the Unlisted Securities Market. No application is being made for permission to deal in any of the warrants to subscribe for Ordinary Shares of the Company. It is emphasised that no application has been made for any of these securities to be admitted to listing.

Particulars relating to the Company are available in the Extel Statistical Services and copies of the Introduction memorandum may be obtained during normal business hours up to and including 12th February 1985 from:

Robert Fleming & Co. Limited 8 Crosby Square,

London EC3A 6AN

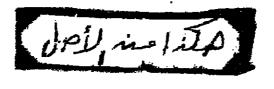
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M.L.A. UNITS Daily Prices as at 30 January, 1985. MANAGEMENT LIMITED, 37 OLD OUEEN STREET, LONDON SWIH 9JG luthorised Unit Yest Price JUNE, 1978-JUNUARY, 1986 E10,900 TO E131,530 M L.A. UNDT THUST TOP UK GENERAL FUND OVER 3, 5 and 7 YEARS **2** 0622 679351

> LADBROKE INDEX Based on FT Index 962-968 (--?) Tel: 01-427 6411



# Dunlop **Olympic** buys stake in Chloride

By Alexander Nicolt in London and Michael Thompson-Noel in

A 14.9 per cent stake in Chloride, the British battery group, has been purchased by Dunlop Olympic, one of Australia's biggest manufacturers and a competitor to Chloride in

Australasia
At market prices, the holding of ordinary and preference shares is worth £9.5m. No price was disclosed, however, by Dunlop Olympic or the vendor, the Australian resources group CRA which is 52.9 per cent controlled by Britain's Rio Tinto-Zinc.

which is 52.9 per cent controlled by Britain's Rio Tinto-Zinc.
Dunlop Olympic, which no longer has any connection with Dunlop of the UK, becomes the largest shareholder in Chloride, which has been slowly recovering from financial troubles since 1981 and is headed by Sir Michael Edwardes—also chairman of Britain's Dunlop.
Chloride, which was told of the deal at a meeting with Dunlop Olympic last week, has not greeted it with enthusiasm. A spokesman noted yesterday that the two companies were competitors, and that therefore "we cannot say that we particularly welcome Dunlop Olympic's presence as a shareholder."
Chloride has not been told of the Australian group's future intentions, he said, and there had been no discussion of boardroom representation—GiA had never sought a place among Chloride's directors.

Chloride's directors.
Dunlop Olympic, an expanding group with annual sales approaching A\$2bn (£1.5bn), said it hoped that a link with Chioride would help the development of its Pulsar automative bettery which it claims motive battery, which it claims to be the most advanced car battery in the world. The battery, due to go into full scale Australian production

in March, is said to be up to 50 per cent smaller and lighter than conventional auto batteries, and not to need main-

Chloride launched its Torque Starter battery in 1983 — also lighter than conventional batteries and said to be maintenance free. It said yesterday that it had been offered licences for the Pulsar but seeded more for the Pulsar but needed more information on it. The Pulsar is not yet proven in world markets, it said.

for about £9m, including take-up of a rights issue, as an investment in a major user of lead to help it keep abreast of new technology in lead acid batteries.

Chloride ordinary shares howed little reaction to CRA bought its stake in 1981 for about f9m, including take-up of a rights issue, as an investment in a major user of lead to help it keep abreast of new technology in lead acid batteries. showed little reaction to yesterday's news, falling 1p to 30p. ..... This purchase, which was confirmed yesterday, will make Thorn EMI's computer software

27/28 Lovat Lane London EC3R 8EB

QUE

# Guinness Peat to acquire 25% of Britannia Arrow

tion as the groups are in direct competition.

Previous discussions between Britannia Arrow and Guinness Peat related to the possible acquisition by Britannia Arrow of Guinness Peat's merchant banking subsidiary, Guinness Mahon. Subsequent to these discussions Britannia Arrow acquired Singer and Friedlander instead.

iostead. instead.

GP, which has just resumed paying dividends after three years of losses, will buy the stake from the United Kingdom Temperance and General Provi-

Guinness Peat (GP) gave another sign of its mounting self-confidence yesterday with plans to buy a 25 per cent stake in Britannia Arrow, the investment and banking group.

The deal will link two companies with wide interests in financial services, and is structured to give a big boost to GP's equity. It will also put GP in the unusual position of owning a stake in two accepting houses, Guinness Mahou and Britannia's recently acquired Singer & Friedlander.

The directors of Britannia's recently acquired Singer & Friedlander.

The directors of Britannia's recently acquired Singer & Friedlander.

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The directors of Britannia's recently acquired Singer & Friedlander.

The directors of Britannia's recently acquired Singer & Friedlander.

The proposed closer association as the groups are in direct competition.

Pravious discussions between Britannia's enlarged share capital.

GP will pay for the shares by issuing 51.5m new shares of its own on a three-for-two basis. Taking GP shares at 70p each, the price is £36m, equivalent to 105p per Britannia share.

The stock market reacted with disappointment. Britannia's shares, which had been driven as high as 115p by takeover rumours, fell 11p to 88p. GP closed at 68p, down 2p.

GP says the deal will give it a strategic investment in a retail financial services and fund management operation on both sides of the Atlantic, an da close relationship with UKPI, a major life insurance company and institu-

insurance company and institu-tional investor.

Mr Alastair Morton, GP's chief executive, said GP has no plans for a takeover bid, but might raise its stake to 30 per cent if the opportunity arose. Britannia Arrow, which appeared to be surprised by the deal, had no comment, but Mr Morton said relations were "amicable."

GP is a diversified group engaged in wholesale financial services, banking, aviation, energy, property and insurance. The stake in Britannia Arrow brings it a retail-oriented group offering personal investment, banking and broking services.

Mr Morton said he would be exploring co-operation opporexploring co-operation oppor-tunities with Britannia, though he did not want to exaggerate the possibilities. He said GP's aim was not to become an integrated financial services comintegrated financial services com-pany, but to manage its own and clients' assets.

The acquisition got a gener-ally puzzled reaction in the City where its purpose did not seem clear, though one analyst said: "At least GP can't lose." UKPI, however, earned praise for a

however, earned praise for a well-timed sale of Britannia Smiths Industries has acquired a small specialised rubber processing company, Unitex, of Knaresborough, North Yorkshire, for a consideration believed to be in the region of £1.5m.

John Newman, Nicholas Shipp and Meustar. Finance between them hold 850,000 shares in Rock, amounting to approximately 5.2

# W. Allen to call in receiver

and engineer, last night decided to call in the receiver after abandoning attempts to find a

The company said it had en-The company said it had en-countered a severe shortage of working capital as a result of problems with Burgess En-gineers and B&E Boilers, two businesses which it acquired last March.

Although it had received a further conditional offer, it had not proven possible to bridge the gap between the company's present position and the time when the reshape or an offer could be concluded. Shares in Allen were suspended

at the company's request ahead of the announcement. They stood at 23p.
The directors said that investi-It said that since January 16, gations by the company's when discussions with one auditors, although not yet compossible bidder ended, it had put plete, indicated a substantial together an outline plan to restructure the group and had and B&E which might give rise

W. G. Allen and Sons (Tipton), identified possible support from to a claim of some £1m. As a the West Midlands boilermaker a number of investors. Allen paid £164.000 in cash for the two businesses, acquired from Richardson Westgarth, in a move which it saw at the time as strengthening its boiler

In its accounts for the year to March 1984, Allen had indicated that it would be due a sum of money from Richardsons if a deficiency existed in the net asset value agreed at the acquistion It said last night that, having taken legal advice, it had been

# Cement Roadstone £36m U.S. acquisition

By Charles Batchelor

Ireland's largest industrial company, is buying Callanan Indus-tries, a U.S. aggregates, asphalt and concrete products group, for \$40m (236m) cash. The acquisi-tion will double CRH's U.S. busi-

Calanan made a pre-tax profit of \$7.95m on turnover of \$70m in the year ended March 31 1984 and had book net worth of \$25m at that year end. It is expected at that year end. It is expected to have net cash of \$9m at March \$1 1985, while a revaluation of its fixed assets is expected to show a substantial surplus on book values.

It is based near Albany, New York, employs about 800 people, and owns six quarries with reserves of more than 400m tons. six gravel pits, 12 asphalt plants, a concrete block plant and three Spancrete (pre-stressed slabs and beams) plants.

Callanan is CRH's fourth and largest purchase since it began its move into the U.S. in 1978 with the acquisition of Amcor, a Los Angeles based construction materials company, for \$12.2m.

CRH's U.S. operations generated revenues of \$84m and pre-tax profits of \$9m in the year ended December 1984.

Mr 'Doc' Marcelle, president and a 60 per cent shareholder in Callanan, will remain with the company, which will form part of CRH's U.S. holding company, The purchase will be financed

from CRH's existing dollar loan facilities. The acquisition is expected to increase debt from a current 30 per cent to just over 40 per cent of shareholders' funds. Callanan will give CRH a base

in the North-Eastern U.S. where it expects major spending on the renewal of the road and bridge network. New York state recently issued a \$1.20n transportation bond.

Racal, however, has been insistent that the only commit-CRH's shares were unchanged at 57p yesterday.

# **Dunlop** seeks a better liaison with its U.S. shareholders

Dunlop Holdings, the debt-laden tyre and rubber products group, has signed up Goldman, Sachs, a leading U.S. investment bank, to improve communications with its U.S. shareholders.

Between 4,000-5,000 U.S. investors hold a combined 27 per cent stake in Dunlop in the form of American Depositary Receipts. They will play a crucial role in Dunlop's defence against the unwelcome £33m takeover bid launched by BTR, the broadly-based conglomerate.

U.S. shareholders are barred by their own stock market rules from taking up shares under the planned 15-for-seven rights issue which forms part of Dunlop's bidder to BTR.

planned 15-for-seven rights issue which forms part of Dunlop's fi42m refinancing package.

This may mean they opt to sell their shares to the highest bidder rather than back the Dunlop refinancing package to be put to a shareholders' meeting on February 8

Dunlop refused to comment on speculation that Goldman Sachs had been asked to find a rival bidder to BTR.

The bank, which is the largest partnership in the U.S. securities industry, was retained by Sotheby's, the art autioneer, and by Thomas Tilling, the industrial bolding group, to fight off unwelcome takeover bids. Tilling finally succumbed to the bid

from BTR but Goldman Sachs brought in Mr Alfred Taubman, the multi-millionaire U.S. pro-norevt developer, to buy

poreyt developer, to buy sotheby's.

In a separate move, Dunlop yesterday announced the reorganisation of its engineering division. Its profitable aviation business — including aircraft tyres and braking systems—is to

tyres and braking systems—is to be spun off into a new aerospace division with annual turnover of about £50m.

Dunlop's Angus Fluid Seals and Polymer Eugineering businesses will be transferred to the engineering division from the industrial division to bring together all the automative industrial division to bring together all the automotive wheel and suspension activities under the same profit centre.

Mr Percy Plant, formerly managing director of BL's Land-Rover-Leyland International division, is to take over as chief executive of Dunlop's overseas businesses.

# **Takeover Panel to seek** clarity on Racal forecast

THE Takeover Panel is to meet Racal Electronics later this week to seek clarity on its profits forecast for the current year.

This follows the warning a week ago by Sir Ernest Harrison, Racal's chairman, that profits for the group would be substantially below expectations.

Representations have since been made to the Panel by County Bank, adviser to the board of Chubb and Son during the three-month contest which culminated in the takeover of the security group by Racai last November. County Bank yesterday met the Panel to discuss its under-

standing that Racal, after the launch of its final offer on October 2, had forecast that it would achieve a "good improvement" in earnings for the year to March 31 1985.

ment it made was that contained in the offer document, which forecast profits "at least double" the 1978-79 level of

Mr Robert Ogilvie of County Bank said after yesterday's meeting with the Panel: "We were not there looking for a witch-hunt. We believe we can rely on the Panel to look independently at the facts and come to a view on whether the forecast had been made with due care and attention."

Mr John Lee of the Takeover Panel said the panel had also met Hill Samuel, Racal's advisers, and would be meeting representatives of Racal later in

"There can be a number of reasons why a forecast is not met," he said. "Our general objective would be to check that nothing negligent had taken place."

## LMI lays claim to 9% of Hoskins

London & Midland Industrials (LMI) increased its stake in Hoskins & Morton to 8.6 per cent by Monday's first closing date on its revised offer. It has acceptances from holders of 5.9 per cent of H & H's shares and owns a further 2.7 per cent.

LMI's increased offer, which has the backing of the H & H board was topped on January 24 board was topped on January 24 by a higher bid from Scottish Heritable Trust. The trust's bid does not have the agreement of the H & H board but the trust

already has a 28.8 per cent hold-ing in H & H. LMI has extended its offer to February 17. It has acceptances from the holders of 160,834 ordinary shares (5.9 per cent) and 6,513 preference shares (32.6

per cent).
Shareholders approved a resolution authorising an increase in LMT's share capital and alloting new ordinary shares to holders of H & H shares at a meeting

# Thorn EMI deal boosts computer software side

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Granville & Co. Limited

Over-the-Counter Market

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wai share in our earnings.

Walter W. Sapp, Secretary

The 1985 first quarter dividend of 73¢ per share on the Common Stock will be paid March 12 to stockholders of record on February 8, About 213,000 stockholders

ber.
EPS made pre-tax profits of £2m on turnover of £11.7m in the year ended March 1984. Founded in 1973, it employs about 300
people and operates directly to
12 countries, with agents in a
further 15.
This deal gives Thorn rights to

This deal gives Thorn rights to the FCS-EPS range of software products. Thorn has bought thet net assets of EPS Consultants and Financial Commuter Systems, two businesses carried on by Dr P. D. Power and Mr G. O. Wilks. the group's founders. It has also acquired the capital of 10 subsidiary companies in Europe and Nexth America.

Thorn will make an initial nayment of £2.41m and up to £3.3m more. dependent on pre-tax profits of EPS outside North America for the year ending March 31 1986. Both payments will be in the form of Thorn shares. It has also settled for cash £2.55m worth fo loans owing to the vendors.

## Suter raises Lloyd holding

Suter, the refrigeration and hair dressing equipment group headed by Mr David Abell, is neared by Mr David Abelt. Is understood to have increased its holding in F. H. Lloyd, the foundry and engineering company, to nearly 15 per cent through a purchase of shares

A 10.85 per cent holding was disclosed yesterday by Suter, which revealed a 6.9 per cent stake less than a week ago after disposing of 11.7 per cent of hand took maker James Neill.

F. H. Lloyd's shares fell 1p to 50p yesterday, valuing the com-50p yesterday, valuing the com-pany at £12m.

Based in the West Midlands.
Lloyd has been rationalised by chairman Mr Lewis Robertson and chief executive Mr John Pinckard. But pre-tax profits fell in the first half ended September 29, 1984 reflecting severe com-petition and a sluggish market worsened by the miners' strike.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

# TOYS

(Incorporated in England under the Companies Acts 1948 to 1976) Number 1485995 SHARE CAPITAL

Authorised £ 800,000

Tenneco inc

is our 39th

in ordinary shares of 10p each

issued fully paid

In connection with a placing by Simon & Coates of 1,470,798 Ordinary shares of 10p each at 90p per share, application has been made to the Council of The Stock Exchange for the grant of permission for the whole of the issued share capital of Bluebird Toys PLC to be dealt in on the Unlisted Securities Market. A proportion of the shares being placed are available to the public through the market. It is emphasised that no application has been made for these securities to be admitted to official listing. Particulars relating to the Company are available in the Extel Statistical Services and copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including the 22nd February 1985 from:

SIMON & COATES

1 London Wall Buildings, London EC2M 5PT

# Sales and profits at record levels from a wider and stronger spread of interests

Sales and profits before tax were again at record levels in 1984, with sales 10% ahead at £2,839m and profits 7% up at £108m. Excluding the four years of optical back payments in 1983, the overall profit increase was 16%.

Summary of Results for year ended 31st December, 1984 (unaudited)				
. 1984 1983 £million £million				
Group Sales	2,839.1	2,579.7		
Group Trading Profit	122.2	110.4		
Interest Charges	(14.0)	(9.3)		
Group Profit (before Taxation)	108.2	101.1		

## Tobacco

Volume sales of Gallaher cigarettes manufactured in the UK were 1% ahead. The benefit from a good domestic market share and a strong rise in exports more than offset a decline in the total UK market. Benson and Hedges Special Filter and Silk Cut continue to dominate

Gallaher cigar sales in the UK were also up, with Hamlet further strengthening its position as market leader. Pipe and roll-your-own tobacco markets were depressed, but the Group's market share rose, with Mellow Virginia and Clan both strong.

Overseas tobacco companies were just ahead of 1983. A better performance by Gallaher (Dublin) more than offset lower profits from Niemeyer, affected by price competition in the West German market.

## Optical

Results for the full year showed a positive trend after excluding all DHSS back payments. In the UK, volume increased in a changing marker. Both the Italian and Spanish companies had good years.

Stronger demand both at home and abroad, plus the benefits of reorganisation, are reflected in the profits rise of 57% to £6.6m. Mono and Saunders Valve both achieved notably better results after a long period of reorganisation. The Italian subsidiary, FIP, increased sales volume, but margins remained under competitive pressure.

## Distribution

All the major companies performed well. Overall results would have shown a greater increase but for the cost of reorganising certain activities. The newly acquired drinks and food vending business, Vendepac, had a good year.

# Office Products

The Ofrex Group achieved sound progress with profits markedly up on 1983. Particularly good results were achieved by Rexel, Eastlight and Lawtons. The overseas companies were also well ahead, and there were important gains in export markets.

## Housewares

The Prestige Group had a good year. Results for the seven months since acquisition were up to expectations and provided a satisfactory net contribution after acquisition financing costs.

## Outlook for 1985

Gallaher enters 1985 with a wider and stronger spread of activities in the UK and overseas. It is well positioned to make further progress provided domestic taxation of tobacco products is held at a realistic level.

S.G. CAMERON, CHAIRMAN

Gallaher Limited, 65 Kingsway, London WC2B 6TG. Tel: 01-242 1290. Telex: 25505.

# Gallaher up 7% to record £108m

A RECORD year has been of this subsidiary of American with Mellow Virginia and Clan experienced by Gallaher, the Brands, says that the benefit both strong.

Major cigarette manufacturer from a good domestic market best known for its Benson & share and a strong rise in exports were "just ahead" of 1953. A better the product of the collaboration major cigarette manufacturer, from a good domestic market best known for its Benson & share and a strong rise in exports

Hedges and Silk Cut brands.

Profits before tax improved by 7 per cent in 1984 from £101.1m to £108.2m on turnover ahead by Cut, he says, continued to dominate their sectors.

The content of the first state of the

10 per cent at £2.84bn.
Tobacco, by far the largest group operation, saw sales pass the £2bn mark and trading profits rise by £9.3m to £83.5m.
Volume sales of Gallaher's

against 114 companies were made in the High Court. They

P.A.P. Window Systems, Moughan and Macken, Kennet-side Plastics, Ernborough, Anton Freight, D. Rogers & Sons (Transport), Red Rose Building Contractors, Jaton Metals and Burdett Wastepaper Co.

Oakglen Haulage, Crown Distillers. Mark John, Fast Foods (St. Ives), Dataeach, Custom Building Contractors (East Mid-

Melton Printers, Norfolk and

Intogold, International Safety Services and Votelynn.

profits rise by £9.3m to £83.5m.

Wolume sales of Gallaher's cigarettes manufactured in the UK increased by 1 per cent.

Mr S. G. Cameron, chairman says that market share increased,

Winding up orders for 114 companies

Compulsory winding up orders against 114 companies were made in the High Court. They were:

P.A.P. Window Systems, Moughan and Macken, Kennetide Plastics, Ernborough, Anton Freight, D. Rogers & Sons Transport), Red Rose Building Contractors, Jaton Metals and Gurdett Wastepaper Co.

Oakglen Haulage, Crown Distillers, Mark John, Fast Foods St. Ives), Dataeach, Custom Garages, Carlisle Kitchen Centre, Building Contractors (East Midelen, Custom Garages, Carlisle Kitchen Centre, Steak Bar (Doncaster), Brook-house Construction, Farron-bay, Forwarding, Chemicals, Baldock and Pearce, Medioney Construction, Farron-bay, Forwarding, Chemicals, Baldock and Pearce, Medioney Construction, Farron-bay, Forwarding, Coping, Holden and Hollinx, Industrial Supplies (Eastern) and Anglo-Scot Meat Packers.

Industrial Services (Liver-pool), Strongwight, Chemalbond Enterprises, Classic Dry Cleaners, Factorbond, Frox Day, G. B. Hirst Tankers (1982), Holour and Inter-Clean.

Cycleglen, Great Western Garages, Carlisle Kitchen Centre, Steak Bar (Doncaster), Brock-house Construction Company, Vintage Steak Bar (Doncaster), Brock-house Construction

Steels Engineering, C. H. Jones (W'ton), Benson Lifts, Amex Fashions, Cobmanx Enterprises, Exportech (Middle East), Euro-

International has turned in pretax profits of £1.16m for the six
months to October 31 1984, and
is to pay a net interim dividend
of 1p per share, an increase of
50 per cent over the prospectus
forecast.

No half-year comparative
figures are reported, but the
midway taxable figure is only
£220,000 short of the last full

trading in the current balf is

Norwich Aero Club, Totforest, Beauretta (Anglsey), Monobuild Grant Eastwood, Meragold, (Construction Services), Meshberry, Sound Reproducing Equip- Mystery Studios, Randworth,

ments of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any of the 11% Convertible Unsecured Loan Stock 2003-2004 (with Warrants attached).

SHIRES INVESTMENT p.l.c.

(Incorporated in England and Wales with registered no. 386561)

Issue of 11 % Convertible Unsecured Loan Stock 2003-2004 (with Warrants attached)

£2,690,860 11% Convertible Unsecured Loan Stock 2003-2004 (with Warrants attached) is being issued by way of rights to the ordinary shareholders and the existing Warrantholders of the Company. The Loan Stock will be dealt in separately from the Warrants from 15th April 1985.

Details of the 11% Convertible Unsecured Loan Stock 2003-2004 are available in the Extel

during normal business hours today and tomorrow from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours on any week-

day (Saturdays excepted) up to and including 19th February 1985, being the last day of acceptance and

Services Ltd.

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Shires Investment p.l.c. Ravensbourne Registration

Laing & Cruickshank Piercy House, 7 Copthall Avenue

**WILLIAMSON TEA HOLDINGS pic** 

Chairman's Additional Remarks

Addressing the Annual General Meeting of Williamson Tea Holdings plc, the Chairman, Mr R. B. Magor said:

Since the publication of the Report the Indian Elections

have returned Mr Rajiv Gandhi to power as Prime Minister, an event of the utmost importance to the world, the Indian

Tea Industry and our Company as it is certain there will be continued political stability in India.

World demand continues to outstrip supply and tea prices

throughout the world continue to boom. There seems to be an insatiable demand for tea in India, the Middle East and Africa. It takes planning, finance and time to plant and

bring to maturity extensive new tea acreages and it seems unlikely, therefore, that world supply will exceed demand for some time and prices should remain at higher levels than have previously been the case, and though costs will

Our crop up to 31st December is in excess of last year's. At this stage no-one can possibly forecast what the spring crop will be, as this is dependent on the rainfall, but provided even an average harvest is obtained the total crop for the

year should be well up to average. Sales made to date are very satisfactory and, bearing in mind that the change of accounting made last year will not again depress profits, indicate that the profits for the current year will be well in

£591,000 of pre FERA 1974 Indian profits still remain in India, negotiations on the normal tax assessments, always a lengthy process, continue but I hope that most of this matter will be resolved in 1985.

In Kenya. Government permission has been given for an

increase in George Williamson Kenya Limited's capital by a 1 for 2 bonus issue to shareholders. GWK have been appointed Managing Agents of Mau Forest Ltd. a tea estate in

the Kericho area belonging to The Anglo Indonesian Cor-

Romai Tea Holdings plc was acquired by our Secretaries,

George Williamson & Co Limited, on the 28th December last. Their combined holding in Williamson Tea Holdings

We are negotiating with Waterwide Developments (New

Zealand) Limited concerning the manufacture of the Water-wide Burner. These burners have already proved them-selves in tea dryers in Africa and elsewhere where our over-

Once again I take pleasure in having this opportunity to

express our gratitude to the Agents, Visiting Agents, Manage-ment, Staff and Labour both overseas and in Accrington for

their efforts in producing such satisfactory results.

The report and accounts were adopted.

seas subsidiary are agents.

continue to escalate, prospects appear encouraging.

London EC2R 7BE.

payment in full for the rights, from:-

70 Finsbury Pavement,

London EC2A 1SX.

30th January 1985

Copies of the Listing Particulars published in

The Council of The Stock Exchange has admitted the above ned securities to the Official List.

The interim tax charge came to £517,000, leaving net profits at £643,000 or 4.47p per share. Retained earnings were £484,500.

In the prospectus forecast the

Steak Bar (Doncaster), Brockhouse Construction Company,
Happy Days Agency and Promotions, Thompson Leisure,
Sussex Ballistics and Sedateport.
Libra Wines, Phillip Coote
Construction, Re-Tain, Churchill
Blood Stock, FT Engieering,
Sentry Home Security Company,
Flipgate, Energy Bond Marketing, Beaumagic and Corporate
Graphics.

GMT Co. Midasian, Develop-

ments and Components International (UK), Svannafield, Martipare, Hurd Textiles, Cheltenham Business Consultancy, Cheslyn Upholstery, Mikes Sheds (1981) and SK Hand Tools Manchester

Manchester. Western Gloves (Manufactur-

years of back payments from the DHSS. Mr Cameron points out that If

Cigar sales in the UK were also higher, with Hamlet further strengthening its position as mounted to £2.09bn compared and overseas. He adds that the with £1.94bn

A LEAP in pre-tax profits from 2928,000 to £3,02m by Microgen Holdings for the year to the end of October 1984 follows its acquisition last autumn of Euro-com Data Holdings, formerly the national Westminster Bank's computer output to microfilm subsidiary. A final dividend of the raises the total from 6p to 10p, and is 1p ahead of the payout forecast at the time of the

# Access Satellite over £1m at midway IN ITS first results as a USM-year return. Mr Martin Ward-name from Morland Securities between interim and final. They quoted concern Access Satellite man, the chairman, says that by way of a reverse takeover then regarded prospectus as international has turned in pre-trading in the current half is of that company last October. "excellent."

1985. The group is currently

selling through distributors in

Equitable Life

Equitable Life Assurance Society, the oldest mutual life company in the world and origi-

nators of with-profits life con-tracts, is maintaining its interim-bonus rates for 1985 on life and

pensions contracts.

The society is one of the few

life companies not on an annual bonus system. It operates on a three-year period for full bonus

declarations, the next declaration being at the end of this year.

Thus on assurances, the rate remains at £5.25 per cent of the sum assured and £3.50 per cent

of attaching bonuses, while on individual pensions it remains at £8.50 per cent of the basic benefit

However, the society is increas-ing its terminal bonus rates for

claims in 1985. On assurances, the maximum rate is lifted from

371 per cent to 45 per cent of the basic benefit and attaching

bonuses, while on pensions the maximum rate is raised from 381 per cent to 48 per cent.

Million Tonnes Oil Equivalent

tain export earnings.

The Algerian picture, how-

relations. In the case of Spain,

for example, Algeria has been

able to drive a much harder bargain than with some other customers, because Algeria bought \$1bn of Spanish goods in

1983. Last year, these were cut

by one-third during a dispute in which Enagas, the state utility,

refused to honour a "take or

Towards the U.S. companies,

and attaching bonuses.

maintains

bonus rates

shares. Shareholders will there-fore hold four 5p shares in place of each 10p share held when the In the U.S. sales are going well and the network of local distributors there is expected to Earnings per share are shown as 34.1p (14.8p) before extra

Microgen at

contribution

£3m on

Eurocom

increase substantially during The directors point out that Eurocom's results for the year have "exceeded expectations." Figures for 1984 include Eurocom, and figures for 1983 are for Microgen alone. directors stated that they would recommend total dividends of Delaware, Georgia, Florida, 2p per share for the current Massachusetts, North Carolina year, payable in a ratio of 1:2 and Texas.

They say that Microgen, without Eurocom, was already budgeting for a substantial increase in sales and profits for the current year. With the added strength which this acquisition brings to the group, the directors of Microgen, which converts computer print-outs into microfilm and microfiche, say that they look forward with confidence to another year of growth. another year of growth.

Microgen's computer output microfilm business continued to benefit from growing demand

Excluding the contribution from Eurocom, group turnover was £5.63m and pre-tax profits were £1.63m. Earnings per share would have been 26.1p.

share would have been 26.1p.

Shares issued for Eurocom will not qualify for the final payment.

For the enlarged group, profits were subject to tax of £1.48m (£491,000) and there were minorities this time of £103.000.

Extraordinary charges rose from £152,000 to £525,000, comprising acquisition and listing costs and provision for deferred tax. Last year Microgen moved from the USM to a full listing.

# South African gold production continues on an upward trend

A one-for-one scrip is also proposed on the 10p shares, which will then be split into two 5p

ordinary charges.

They say that Microgen, with-

Turnover grew from £3.51m to £18.23m.

and from major productivity drives referred to last year. The sales team produced results well in excess of targets: this has added to costs for 1984 whereas the major benefit to turnover and profit will be in 1985. profit will be in 1985.

At Systemset, computerised phototypesetter, the emphasis was on securing a platform for sustained future growth in com-puter aided phototypesetting, but record profits were achieved.

Western Gloves (Manufacturing), William Newton & Sons, Bifell Quarries, Stardeli, United Trading Corporation, Prizepress, Thorne Brothers Builders-Decorators, Spanfour, Woodrush, L.S.C. Engineering Contractors (Luton) and C. Plater & Son.

Yearlings at 13½%

Wearlings at 13½%

The interest rate for this week's issue of local authority bonds is 13½ per cent, up 1½ of a percentage point, and compares with 9½ per cent a year ago. The bonds are issued at par and are redeemable on February 5 1986.

# Eastern Pet. bids for Samantha

AUSTRALIA'S Eastern Petro-leum has made its long-awaited move to secure control of the promising Horseshoe Lights gold mine in the Meekatharra area of Western Australia by making a lakeover offer for the 80 per cent of Samantha Exploration it does not already own

or samaning Exploration it does not already own.

The London share market, which had been expecting an offer for some time, remained upmoved last night, leaving both share prises unchanged with Samantha at 54p and Eastern at

24p.
The terms of the offer are two shares of Eastern for each Samantha share, valuing the latter company at A\$17.3m

(£12.7m). This compares with the recent one-for-three offer from Barrack Mines, which valued Samantha at A\$13m.

As both bids are well below the market value of Samantha's shares, they seem to have been designed principally to circumvent the restriction in Australian company law which limits a company to a 20 per cent interest in another company unless it mounts a full takeover offer. Once a full bid has been announced, a predator may taise his stake without limit through on-market purchases.

The main attraction of Samantha to both bidders is its

THE UPTURN in South African gold production which began three years ago continued in 1984 with output rising to 21.88m oz, according to figures released yesterday by the Chamber of Mines of South Africa world, and just under 60 per cents on the previous year's production of 21.85m oz, although output from the world's production of 21.85m oz, although output from the world's statistics will be the output from the previous year's production of 21.85m oz, although output from the world's statistics will be the output from mines, which prepare their statistics will be the output from mines, which prepare their statistics will be the output from mines, which prepare their formia and Ridston in Australia. Isself against the U.S. dollars, the most year's production from South Africa was equivalent to 680.5 toones.

The latest figure is, however, unlikely to have much impact

# Haynes profits double to £836,000

WITH STRONG sales from its half are running ahead 86 new titles, Haynes Publishing budget. As well as the 1 Group doubled its pre-tax profits books, those on the backlist from £417,000 to £836,000 in the continue to sell well, and, we continue to sell well. six months to end-November 1984.

The directors of this Somerset-based group, the world's largest publisher of motoring books, have lifted the interim dividend from 3.5p to 4p, partly to reduce disparity and partly in recogni-tion of "these good results." Last year a total of 12p was paid on profits of £1.37m.
Sales increased by £955,000 to

£4.55m, giving a trading profit of £782,000 (£376,000). Some £615,000 (£315,000) of this came from the UK market, with £167,000 (£61,000) contributed by

budget. As well as the new books, those on the backlist also continue to sell well, and, with costs still under tight control he believes that the results for the second half will show further

The new £0.5m five-colour press is now operational, and the chairman says that the company is continuing its investment pro-gramme by installing new photogramme by installing new phorotypesetting equipment based on
laser technology.

Its policy is to replace
machinery with the most up-todate products when it calculates
that a significant benefit will
consequently arise.

The products force includes

There was no interest paid (11,000).

The group, which has close company status, paid 1311,000 (1164,000) in UK tax and 174,000 (£21,000) in the U.S.

Leda Investment

Leda Investment Trust's net asset value per 5p capital share atood at 170-ip at the end of 1844. This compares with 136p shown a year previously.

Net revenue for the year amounted to £291,341, against £242,644. Gross revenue came to £480,847 (£435,574).

The second interim dividend is being raised from 3.01p to 3.5p.

that a signmeant will consequently arise.

1667,000 (£61,000) contributed by consequently arise.

170 the U.S.

170 pre-tax figure includes making a total-of 5.6p (5.0p).

170 pre-tax figure includes making a total-of 5.6p (5.0p).

170 pre-tax figure includes making a total-of 5.6p (5.0p).

# **RESOURCES REVIEW**

# Gas glut set to soften Algeria's hard line

By Francis Ghiles and James Ball

AS ALGERIA shifts from being an oil exporter with a marginal amount of natural gas to being a gas exporter with a marginal amount of oil. Sonatrach, the country's state oil and gas monopoly, faces difficult deci-

In the past, Sonatrach has behaved, even when selling gas, like a militant oil exporter, insisting upon both the highest possible oil price and a direct link between the price of oil and gas. In 1981 and 1982, Algeria scored famous pricing victories over utilities in Beigium, France and Italy.

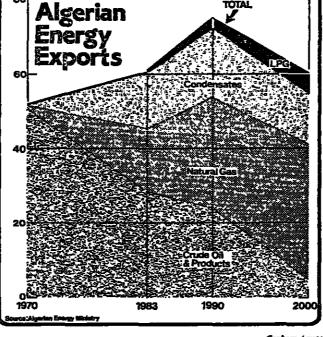
Today, however, the Euro pean gas glut has undermined its ability to sell gas on its own terms. In response, Algeria has shown signs of softening its dogmatic marketing principles. fuelling speculation among gas buyers that the world's fourth largest gas power is shaping up for a renewed assault upon U.S. and European markets. Algerian oil reserves will run out before the end of the century, but the country's

Signs of a more flexible approach

natural gas reserves of almost 3,000bn cubic metres are exceeded only by those of the Soviet Union, the U.S. and Iran. Signs of a more flexible approach became apparent in 1983 and 1984 as initial volumes of gas exports to Belgium and France were cut. The original contract with Belgium's Distrigaz, from 5bn cubic metres a year over 20 years at a price of \$3.95 per million BTUs, was reduced to \$1.5bn in 1983-84, although it has since risen again. Gaz de France, mean-while, persuaded the Algerians to agree a temporary reduction of French gas purchases last summer. Such flexibility in offtake is normal for Gasunie. the Dutch gas utility, but almost

Although Algerian officials have never commented publicly on these matters—the formal position remains one of astute adherence to a tough and inflexible marketing posturethe case for pragmatism is a strong one. If it stands on principle, Algeria could lose its Il per cent share of the West European gas market when its major contracts start to expire cessing facilities. is not wholly unlike that of petroleum gas, the position is

unheard of for the Algerians.



Opec oil producers, who would somewhere in between. Negolike a high, official price structure, but cannot afford it because of their need to maintain export earnings.

tends to be traded in large, trach, if only because Japanese

long-term contracts and so to companies have carved out for

become an integral part of the themselves a lucrative niche in

country's trade and diplomatic what is today Africa's second

Grahem Laver

price, and the country can

manage without supplies from

largest import market after

South Africa. Algeria is also

the third largest borrower of

Mr Belkacom Nahi, Algeria's Energy Minister world after Russia and China.

Japan takes more than half of its LPG imports from Saudi Arabia and is keen to broaden deliveries are also susceptible ever, is not as simple as this, Algeria. But Japan would like to interruptions related to Opec partly because unlike oil, gas to maintain links with Sona- oil production quotas.

It depends what value is placed upon greater diversity peak? of supply. Freight rates already Beca boost Algerian LPG prices to Japan at least \$10-\$15 per tonne beyond those from the Gulf, There is also a risk that Japanese buyers already critical Japan Exim Bank funds in the of even the \$206 a tonne fob

ALGERIAN GAS EXPORT CONTRACTS

Volume pay" clause in its gas contract. Customer (bn cn mtrs./yr) Expiry Date El Paso and Trunkline, whose large contracts were respec-tively cancelled and suspended Gaz de France 3.5 1.2 1992 Distrigas (U.S.) ..... 1998 in 1981 and 1983. Algeria has been able to exert little diplomatic leverage, although it has Distrigaz (Belgium) **†4.5** 5.15 tried to work through the U.S. Panhandle (U.S.) .............
banks which loaned money for Transmed pipeline suspended the construction of LNG pro- Snam (Italy) ....... ±12.36

major contracts start to expire cessing facilities.

† Enegas has consistently taken only about a third of its controcted obligation on gas prices interested in Algerian liquid foughly half of this level was reached.

Saudi official price, may turn to on their suppliers to be more supplies.

cently suggested that Sonstrach contracts run out. would rather reinject LPG into the ground than sell it below in the Algeria has equation is the Trans-Mediterranean pipean acceptable market price.

LPG and condensates are byproducts during the extraction Ready for first gas in 1981, it of oil and natural gas. To re- did not because of disagreeinject it into the underground ments over prices, start to carry reservoirs requires both the gas until August 1983. cost of separating it and re-injecting it to be incurred over the best and the cheapest means and over again as it is impossible to separate it under-ground. But at the same time, Sonatrach last year sold 2m tonnes of LPG to Europe-

tonnes of LPG to Europe—
apparently at market prices.
Sonatrach's marketing
strategy will be of critical importance to Algeria's economic
future. Exports of gas in LNG
form and LPG, most of which
is sold to Europe, accounted for about 60 per cent of Sona-trach's \$13bn foreign income last year. That compares with 4 per cent in 1970 and projections of over 90 per cent by

The state company's handling of the large U.S. market will be of particular importance. Will the company agree to play. its supply base. Saudi LPG as it has with Distrigas of deliveries are also susceptible Boston, the role of a "peak shaving" supplier—supplying the gas mostly during the winter when demand in the Northern Hemisphere is at its

Because the LNG processing facilities in Arzew and Skikda are already working below capacity—by a factor of one third overall—and because some Algerian LNG corriers are in mothballs, there are added costs in holding out for a premium price in the U.S.

But market conditions in the liquefaction. Canada has recently cut its export prices to \$3.15 to revive the flagging are falling. volume of its own contracts, British Gas over the Sleipner

potentially even cheaper flexible on prices and delivery. Malaysian and Indonesian LPG As the current league leaders in European gas marketing, the Dutch and the Russians have Proponents of the hard line shown, compliance means more on prices abound in Algiers, business in the future. Algeria Dr Yusef Yusufi, Sonatrach's is therefore unable simply to deputy general manager, re- sit tight until its current

of transporting Algerian gas. Algerian gas comes out of the wells at such high pressure that no compressor stations are needed in Algeria to push gas over 400 miles to the Tunisian

But Algeria, along with some of its customers, is saddled with a huge investment in

It would be unwise to count Algeria out

LNG facilities, in spite of the cancellation in 1880 of a pro-posed phase three of the country's LNG plant.

But in the end, the existence of Algeria's surplus LNG plant could provide the key to its future marketing plans. Utilke Norway, whose ability to maintain as a constant depends maintain gas exports depends upon beary investment in new offshore fields. Algeria has both the gas and the production and processing facilities available to sell additional gas. arguably at marginal cost, if i is prepared to sacrifice its pric-

ing principles. The evidence of Squatruch's recent behaviour, if not the U.S. do not favour such premia public pronuncements of The wellhead price of newly Algerian ministers and off contacted domestic gas is cials, is that Algeria will be around \$3 per million BtUs, come increasingly pragmatic as, in a sense, it must do when the line of the contact of gas is trading at a 30 per cent discount to oil and oil prices

Certainly other gas pre-Europe too is a buyer's ducers who are inclined to too market, as Norway has discovered in its negotiations with nean and i.S. markets without pean and L.S. markets without Field. With Europe oversupplied 2 significant Algerian prountil the mid-1990s, import sence, would be unwise w customers are putting pressure count Algeria out.

Production and trend

rd line

# STANSTED REVISITED

This is the third time that the British Airports Authority have tried to foist Stansted upon the public.

On two previous occasions they have failed. But at the third attempt, and after the expenditure of millions of pounds and even more millions of words, their persistence has brought them a favourable report from the Public Inquiry Inspector.

The development of Stansted Airport is now the subject of an adjournment debate.

It is a vital opportunity for M.P.'s of all parties to show how they stand on issues of crucial importance to millions of their constituents.

## NON-PARTY PRINCIPLES

The basic issues are unchanged since 1981.

- \*Should £1,000 million be spent on duplicating facilities which are already provided at the regional airports?
- \* Is it right to force all international passengers, willy-nilly, through the South East?
- \* Is it right to ignore the wishes of the present inhabitants of Stansted?
- \* A developed Stansted would severely degrade international services from the regional airports. Does this square with the view of the Government White Paper recognising airports as prime centres of economic recovery within the regions?
- \* Why should investment and employment be taken away from the severely disadvantaged regions and forced upon one of the very few remaining places without an unemployment problem?

All these are questions of common sense and natural justice – not of party politics.

Since 1981 the case against Stansted has been put by the North of England Regional Consortium on behalf of millions of people of all political persuasions and of none, from all sections of the public and from every branch of commerce and industry.

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The City Councils of Carlisle, Leeds,
Liverpool, Manchester, Newcastle and Sheffield.
The Airport Authorities of Blackpool,
Carlisle, Humberside, Leeds/Bradford, Liverpool,
Manchester, Newcastle and Teesside.

If you would like to receive the detailed and quantifiable facts behind this announcement, please write to:
North of England Regional Consortium, PO Box 532,
Town Hall, Manchester M60 2LA.

the case for the North of England Regional Consortium

# Laser disk stores newspaper's past

BY GEOFFREY CHARLISH

THE PHILIPS optical disk storage system, Megadoc, is now at three pilot sites in Europe, including a newspaper and a building society.

Although a dozen electronics majors have either revealed, or are developing, optical disk systems, announcements of installations have been few and far between. The object of these companies efforts is to produce systems that can store large quantities of documents at very low cost and compete with conventional microfilm and microfiche

For example, the U.S. Library of Congress and General Electric in the U.S. have integrated automation systems using Thomson-CSF disk drives. Recently Pergamon revealed it will be using Drexler technology for electronic publishing. Ciba Geigy (vis Mord in the MK) and the (via liford in the UK) and the Blue Cross insurance group in the U.S. have also been licensed

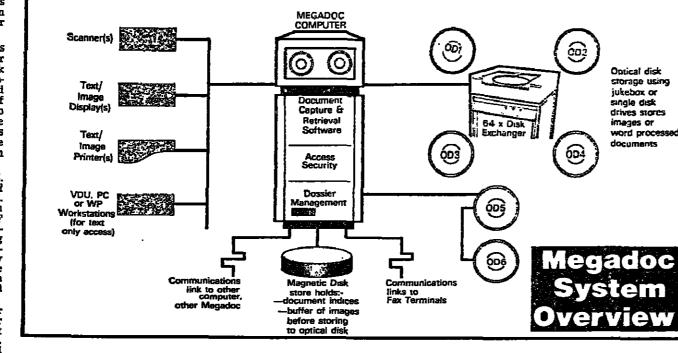
The pioneer installation for Philip's Megadoc is at Gruner and Jahr, publisher of Die Zeit and Stern magazine. Until now, microfiche (postcard sized pieces of film holding about 100 page images) have been used for storing Press clippings for journalists use. The publisher has installed two scanners recording images on a pair of

The object is to produce systems that can store large quantities of documents at very low cost

one gigabyte (one thousand million character) optical disk

Basically, the scanners send a tiny spot of light across the page in fine horizontal lines one under another. At each moment, the amount of reflected light is registered by a light sensitive device and given an electrical "on-off" digital code which is recorded

Scanning rates are from 10 to 18 A4 pages a minute, but Philips plans to raise this to 50 with automatic feed.



pages are bein gscanned and the disks transferred to the journalists' access system. New pages are added daily.

Each access station has an IBM terminal that works with the existing IBM mainframe for indexing, and a second high definition terminal on which definition terminal on which extracted images are displayed. Ultimately there will be four image displays, two image printers and a file of 4m images equipped with a "juke box" disk handler able to access up to 128 gigabytes of storage to 128 gigabytes of storage.

Holland's first system, at the Zwolle office of the Dutch Land Registry, runs on a Philips P4000 office automation system with document indexing and image management software. It stores copies of deeds of sale municipalities.

In Münster, Landes Bau Sparkasse, a German building society with 2.5m account holders, previously used COM (computer output on microfilm) to store copies of com-puter - generated outgoing letters. COM is a technology which takes text and data

In the new system, LBS Manster continues to index the

material on its IBM mainframe, but the magnetic tape holding the text goes to the optical system instead of the COM machine. From the P4000 Megadoc workstation, documents can be extracted from the optical store, viewed within a few seconds, and printed out. Some 10 gigabytes of informa-tion will be stored annually.

The next step for the building society will be to add scanners to handle incoming mail. The same optical disks will then deal with both digitised page images and keyed text. It is expected that the building society's staff will be able to handle customer queries much more efficiently. double-sided 300 mm (12 inch) diameter platters holding two

In optical recording, tiny "pits" are burned by an ex-tremely fine laser beam on to a rotating tellurium-surfaced disk, rather like a gramophone record. The "groove" of pits forms digital codes representing the small scanned elements of an image. To "play" the record, another laser tracks the straight from a computer and record, another laser tracks the addition, the hardware cost is network. Philips Busin "writes" it on to microfiche, microscopic pits and by refleckept down because mechanical tems is on 0206 575115.

At Die Zelt, past newspaper which are accessed via enlarg- tion a photosensitive diode tolerances are not criticalregisters the codes. These are the laser beam on course Philips says the cost of the then turned back into image elements and can be re-constidrive itself is no more than that tuted on a workstation screen. Philips says the life of the

> be about 30 years, or 15 times that for the equivalent mag-netic disc-which needs to be re-written every two years at In optical recording, tiny pits are burned by a fine laser beam on to In addition, since the heads are positioned several centi-metres from the surface, a rotating disk

tellurium surface "appears to

recording: Philips produces

gigabytes of text. This is roughly

2,000,000,000 characters, which

LL.

exchangeable disk design is straightforward. There is no sensitivity to dust, so disks can be handled and stored in a normal office environment. has only 8 per cent of the capacity, Optical disks allow very dense

Megadoc is evolving as part of the P4000 office system, with computer-generated data, pic-tures and indexing will soon be handled on a single high definition screen. In addition, the company has

practice means that some 300,000 pages of text can be recorded, says Philips. chosen the CCITT Group 3 facsimile standard for digital Storage cost is, therefore, very low. In terms of the medium alone, the page cost storage, allowing images to be easily sent and received from remote sites over the fax is a mere 0.004p. But in remote sites over the fax addition, the hardware cost is network. Philips Business SysComputers

# **Speeding** up data access

MODERN computers execute millions of instructions 2 second; the electro-mechanical magnetic disk systems on which they depend for their informa-tion operate in thousands of a

There is, therefore, a perfor mance bottleneck in the system a little like an accountant with an electronic calculator sending his secretary separately to the files for every figure needed in a calculation.

A small American company, U.S. Design Corporation of Lan-ham, Maryland, has an answer to this problem which is achieving critical acclaim. John Ball, of stockbroker

Paine. Webber notes for example: "No existing disk subexample: We existing disk shows are thought to match the level of performance of the Series VIP products. We believe the company may have a competitive lead of perhaps 12-

24 months."
U.S. Design calls its solution
Virtual Information Processing. It is based in studies which show that roughly 90 per cent of the time needed for a disk system to access requested information is spent in positioning the read/write head over the appropriate track on the disc. Furthermore, only 5 per cent of the information on the disc is accessed for close to 95 per

So U.S. Design built an intel-ligent disk controller capable of andling up to four Winchester drives and a cartridge tape

cent of the time.

The "intelligence" in the con troller enables it to analyse
patterns of data use and remove the most frequently requested information—the 5 per cent pre-viously identified—off the disk and into semiconductor memory built into the controller itself

Access to that information is therefore, virtually instantane ous U.S. Design uses two more tricks. A way of predicting what information is likely to be asked for next and a method of maintaining the read/write head close to the most heavily

U.S. Design, with revenues of \$8.4m in 1984, is still very small but the novelty and quality of its approach should pay off in the next few years. ALAN CANE

Components

# Growth in circuits

EDITED BY ALAN CANE

SRI INTERNATIONAL the high technology research and nigh technology research and consultancy organization, prodicts that by the mid-1990s, the market for gallium arsenide semiconductors will have reached \$100n—which was about the value of silicon decises cold in 1929 devices sold in 1982.

SRI's Mr Kenneth Taylor believes the growth will have tremendous impact on companies that use and make silicon based products and on those that supply equipment, components and materials to the semiconductor industry.

However, Mr Gordon England, executive director of SRI for Europe, Africa and the Middle East, takes the view that Europe may not take quite the back seat it took in the silicon world.

SRI is currently conducting a study designed to clarify the issues and opportunities surrounding this new market for the period 1985 to 1993.

Manufacturing

# Integrated automation

LOGICA, the UK systems and software house, in conjunction with several European companies, including Matra and Olivetti, is to develop a computer-aided manufacturing system (CIM) at the FN (Fabrique National Herstal) plant in Belgium.

The consortium project is valued at about £6m, and will involve 100 man-years of effort over a five-year period. The objective of CIM - a -is to unite the various com puter and control systems found in factories and which have developed independently in isolated "islands of auto-mation" over the years.

At FN, the system will automate procedures in the precision machine shop, in-cluding planning, production scheduling, robotics control. transport, assembly. machining

An open computer architecture is to be used, allowing expansion via different manufacturers' equipment, in line with defined standards.

171177 មានប្រែក្រ damage John S. Sass and ਉਹ-ਪੋਰੋ-061-834 3071 Telex 666736

## Adhesives. Sticky robots

RECURRING Problem to industry — training operators to extrude adhesives from dispensers over complex paths, and then expecting them to do the job consistently over and over again—has been solved, it is claimed, by the Crantech Polar robot.

Developed and produced by Crantech Robotics Industrial Systems of London, the machine costs less than \$10,000, and can deal rapidly and efficiently with the justicate component prefiles found cate component profiles (ound in scalast and liquid gasket in scalant and inquis gaster, application, and in other industrial processes. The developers believe the paice and performance of the unit brings rebotics within the grasp of even the amalier manufacturer. Payback can be achieved within months, says the company.

## Research **Materials** analysis

THE LOS ALAMOS research inboratory in the U.S. has developed a novel type of laser microprobe which is able to produce sensitive analysis or blood, serum and other hiomedical samples.

The microprobe combines a well established diagnostic technique cailed atomic emission spectroscopy with laser technology to analyse a taser technology to analyse a sample's trace elements. When hit by a laser beam trace element atoms emit unique signatures of light called spectral lines.

spectral lines.

The laboratory has already used the system to detect sodium and potassium in the product stream of a coal gastier and investigations are being made to detect toxic substances in the atmosphere, though researchers believe the greatest potential is in biomechanical research.

**Motor Cars** 

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Overseas

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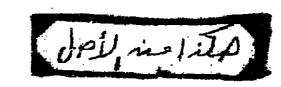
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NEW YORK STOCK EXCHANGE 22-23 AMERICAN STOCK EXCHANGE 23-24 U.S. OVER-THE-COUNTER 24-25 WORLD STOCK MARKETS 24 LONDON STOCK EXCHANGE 26-29 UNIT TRUSTS 30-31 COMMODITIES 37 CLIRRENCIES 33 INTERNATIONAL CAPITAL MARKETS 34

# SECTION III - INTERNATIONAL MARKETS

# **FINANCIAL TIMES**

Wednesday January 30 1985

UK unveils a framework for investor protection, Page 26

**WALL STREET** 

# Heads down awaiting funding plan

INVESTORS in New York financial markets kept their heads down yesterday, awaiting today's disclosure of the U.S. Treasury's funding requirements for the next quarter. Short-term rates rose smartly behind a jump in the feder-al funds rate and the stock market tried to rally quickly from a dull start, writes Terry Byland in New York.

The Dow Jones industrial average was up 14.79 at 1,292.62 at the close.

The Treasury is expected to announce this morning plans to auction around \$17.75bn in federal securities early next month. Maturities are likely to range through three, 10 and 30 years, and will test the strength of the bond market's recovery, on which the dramatic rise in stock prices has been based.

In the stock market turnover remained brisk and prices steadied as bonds rallied. Profit-taking in airline stocks brought a sharp dip in the Dow transportation average. Among the domestic carriers facing renewed price competition, United at \$45% lost \$1% and Delta, at \$43%, dropped \$1%. American fell \$% to \$37%.

STOCK WARKET DIDICES

614.37

951.2

.601.35

657.33

448.1

11.03

59.18

170.16

106.9

153.3

914.7

IBM, announcing two new products, shaded \$% to lower \$134% and Honey-

Commodore International tumbled \$1% to \$12% after disclosing a 94 per cent slump in profits in the December quarter. Apple Computer fell \$% to \$30.

Speculative issues in centre stage included ABC, the television network, \$\%\text{down at \$64\%, on the absence of a bidder. The collapse of the \$1bn bid proposal left Northwest Industries \$\%\text{down at \$40\%.} \$49%. Philips Petroleum, with its re-

structuring plan now meeting opposition on Wall Street, dipped \$% to \$48%. General Mills, however, bounded ahead by \$4% to \$54% in heavy turnover after brokerage analysts took a favourable view of plans to sell its toy and fashion subsidiaries.

AT&T again topped the active list, easing a further \$\% to \$20\% as results were digested. GTE, the hig private tele-phone operator, shed \$% to \$43% on lower profits while Pacific Telesis, one of the new ex-Bell companies, was \$1/4 up at \$69%, also on trading news.

Prominent in the reporting list was U.S. Steel, which eased \$% to \$27% on its latest trading news.

In pharmaceuticals, Warner-Lambert lost \$1% to \$36% and Schering-Plough at \$37 shed %, both on profits news.

Also lower on trading announcements were Maytag, \$% off at \$48%, and Reichold Chemical \$% off at \$34%. Despite a dividend increase, American Brands dipped \$% to \$64%. Higher profits from Brush Wellman failed to satisfy the market, and the stock fell \$1% to \$38.

In a dull banking sector, BankAmerica gave up \$\% to \$19, with the market

CURRENCIES

254.15

9.68

2.662

3.5B

63.35

1.32625

INTEREST RATES

U.S BONDS

Jan 29°

99%2 9.79 103%2 10.957

103% 11.09

Jan 29°

96¾ 75

95%

98×

Price

Yield

104332 11.151 104232

11.20

10.00

12.00

12.70

11.95

1,951.0 2,178.0

U.S. DOLLAR

9.725

3.588

1,953.0

63.45

(3-month offered rate)

FFr

U.S. 3-month CDs.

U.S. 3-month T-bills

3-month U.S.S

6-month U.S.\$

(offered rate)

9% 1987

11% 1992

17%

11% 2014

Corporate

10% June 1990

3% July 1990

8% May 2000

10% May 1993

10% May 2013

11.80 Feb 2013

10% March 1993 95%

Federated Dept Stores

Diamond Shamrock

1250

STERLING

1.111

282.5

10.7625

2.9575

2,167.0

141/16

5%

517/16

101%

8%

8%

8%

8.1

7.7

Yiel

9.79

10.98

11.09

11.20

11.20

10.00

12.00

12.70

Prev

Prev

Price

96%

75 77%

87

Price

99<sup>24</sup>52

103%

103%

3.98

70.4

1.473

Jan 29 Previous

1.1145

283.75

2.9725

10.82

4.00

70.75

1.479

13%

54

8%

8.2 7.80

KEY MARKET MONITORS

FT-Actuaries All-Share Index

Jan 29 Previous Year acc

607.17

1 292 62 1 277 83 1 230 0

977.9

1,265.8

608.62

666.55

440.3

11,843.07 11,798.86 10,180.9

922.34 919.23 773.17

754.8

58.69

2,158.8\* 2,153.3 2,337.0

28929\* 25860 25043

129.31

196.0

107.2

1,147.2 1,141.5 1,082.2

1,338,87 1,374,89 1,055.37

256.07

156.3

925.4

393.78 392.30

171.37 221.43

170 1

365.99

92.5

432.2 429.2

2.110.16 2.123.22

10.99

1983

567.15

831.4

1,075.9

501.36

535.61

543.8

10.14

765.7

517.3

55.63

1984

Yen

Lira

BFr

C\$

wary of the \$37m write-off on mortgage securities-related business.

In the credit markets Federal Reserve policy remained a point of discussion. Mr Preston Martin, Fed vice-chairman, firmly quashed suggestions that he had changed his ground. "I certainly do not favour tighter credit," he said.

Federal funds jumped to 811/16 per cent, before the Fed gave a clearly sympathetic signal by arranging overnight system repurchases. While not a change in policy, the higher rate may have been a cautionary flag for the market ahead of the

Treasury funding.

Bonds edged forward after recouping early falls. This week's lacklustre performance by bonds indicates worries that the federal funding could force yields higher. Dr Henry Kaufman, chief economist at Salomon Bros, reiterated his prediction that rates will climb by the end of the first quarter and that long bond yields could top 13 per cent by the year end – current yields are just over 11 per

### **TOKYO**

# **Speculatives** fuel further advances

TRADING was brisk in Tokyo yesterday with the start of transactions for delivery in February, but investors sought mainly biotechnology issues and speculative leaders whose prices fluctuated rapidly, writes Shigeo Nishiwaki of Ji-

Judging from the highly speculative nature of the purchases, few observers

think the upward trend will continue.

The Nikkei-Dow market average advanced 44.21 to 11,843.07. Volume swelled to 563m shares from Monday's 356m, but issues posting losses still out-paced those with gains by 379 to 329, with 185 issues unchanged.

Kuraray, the busiest issue with 35.74m shares changing hands, led the upsurge of biotechnology-related stocks. It added Y30 to another record high of Y1,160. Fujisawa Pharmaceutical jumped Y50 to Y1,320, also an all-time high, with the second heaviest trading of 26.28m shares. Yamanouchi Pharmaceutical finished at Y3,570, up Y50, and Daiichi Seiyaku shot up Y230 to Y2,170. Mitsui Sugar, however, plunged Y45 to Y435 and Sankyo dropped Y20 to Y1,140.

Among speculative issues Nippon Gakki exceeded Y2,000 for the first time, gaining Y180 to Y2,030. It was the day's third most active issue with 18.31m shares traded.

ping group that will inaugurate a Shanghai route next month, drew investor interest closing Y25 higher at Y283. Isuzu, which had signed a contract to export 40,000 trucks to China, rose Y17 to

Non-ferrous metals also became popular for the first time in many days. Su-mitomo Metal Mining soared Y70 to Y1,350 and Dowa Mining Y63 to Y570, on drilling of promising gold seams and business diversification.

Blue chips lost popularity quickly as Wall Street registered only a moderate overnight rise. Sony shed Y20 to Y3,980 on small-lot selling, and Matsushita Electric Industrial and Honda Motor fell Y30 to Y1,560 and Y1,420 respectively.

Daiwa Securities said the weekly moving average price of the 10 most active stocks reached Y907 on Monday, approaching the all-time high of Y909 scored in October. As market participants began to think high-priced issues had risen too far, more observers expected investor-buying to shift to issues priced at Y500 or less.

On the bond market, the benchmark 7.3 per cent government bonds maturing in December 1993 traded at a yield of 6.475 per cent compared with Monday's 6.460 per cent. The yield on 7.5 per cent government bonds due in July 1993. however, dropped from 6.640 per cent to 6.610 per cent.

## SINGAPORE

HEAVY short-covering fuelled a dramatic surge in Singapore with the Straits Times industrial index 21.74 higher at 816.38 after rising over 18 points on Monday. The last two sessions have thus erased most of the losses incurred in the past month.

Some diversion of British investment funds away from the currently weak Hong Kong market into Singapore was noted and helped to boost turnover to 21.5m shares, the highest for nearly six months.

Banks extended the gains made in the previous session with Malayan Banking adding 25 cents to SS6.05. OCBC scored a 20-cent rise to SS9.05 and DBS firmed 15 cents to S\$6.10 ex-all.

Singapore Press jumped 30 cents to S\$6.85, while Boustead rose 10 cents to S\$1.66 and Genting settled 15 cents higher at S\$5.30. Sime Darby's 7-cent advance took it to SS1.86.

The property sector was again singled out for heavy buying with most leading shares higher. Singapore Land surged 25 cents to SS3.16, a 45-cent rise in two days, while Selangor rose a further 12 cents to SS2.18. City Development, at SS1.21, ended the day 6 cents higher.

KL Kepong led a broadly firmer plantations sector with a 9-cent gain to

# Attempts to force the insiders out

THE Swedish Finance Ministry is expected to introduce draft legislation soon which will sharpen the rules governing insider trading on the Stockholm bourse and establish criminal penalties, including prison terms, for offenders, writes David Brown in Stockholm.

The move follows recent public controversy over several large deals where board members in major companies, including Skandia Insurance and the nowbankrupt Saleninvest shipping group, were able to avoid substantial losses by the early sale of personal shareholdings.

After five years of record growth the Stockholm bourse emerged last year as the eighth largest stock exchange in the

Legislation passed in 1971, however, remains limited to the requirement that board members and senior executives turn over information regarding shareholdings in their own company to the

Bank Inspectorate.

Mr Sten Walberg, chief of the inspectorate, said: "If somebody makes an insider trade, he is simply required to re-port it. He might be embarrassed or ash-amed but there is nothing that can be

In a confidential report to the Finance Ministry Mr Walberg detailed several



large insider trades that took place last autumn to serve as examples when formulating the legislation.

The Skandia and Salen cases were among those mentioned, as were moves in advance of the successful bid last autumn by Bofors, the armaments manufacturer, to take over Kemanobel, Sweden's largest chemicals group.

It is though that the new law will reings of board members and top corporate executives. They will be forbidden to act on privileged information which is likely to affect the share price substantially, or in advance of takeover bids.

The law will not, however, forbid passing tips to outsiders and it is unclear whether lawyers, consultants and financial analysts are to be considered insid-

According to Mr Benat Ryden, the newly-appointed chief of the stock exchange: "There is a danger that such a legislative solution will encourage people to do everything which is not explicily forbidden, and will create the necessity of further steps.

"The traditionally small number of actors on our market has not thus far called for detailed legislation. Its recent internationalisation and the entry of many new players has meant we have recently been perhaps more influenced by the practices of, say, New York or London.

"In the process, some participants have acted irresponsibly and hurt the credibility of the exchange among the public and politicians."

Mr Ryden is particularly critical of the web of corporate cross ownerships that have been developed as a defence against hostile takeover bids.

The combination of Government exchange controls, a cash-rich corporate sector and the entry of a new breed of independent young financiers on to a traditionally closed market has resulted

in a wave of major industrial takeovers that was particularly marked last year. These changes have coincided with

the relatively recent entry of private small savers on to the market Today one in every four Swedes owns shares. These savers have had little chance to benefit from or defend their holdings against the massive shifts in the pattern of Swedish corporate ownership, says Mr Ryden. "The rules should be the same for all players."

Recognising a growing political sensitivity, the parliament moved last June to give the state majority control on the stock exchange board. The Government now appoints six of the 11 directors.

The Industry Department is understood to be on the verge of appointing a committee to investigate the impact of industrial cross-ownership. The committee will consider eliminating the current tax exemption enjoyed by companies on the dividends from holdings of 25 per cent or above in other companies.

These rules were originally intended to encourage structural co-operation, says Mr Ryden. "Some people are now starting to ask why the taxpayer should help companies defend themselves against hostile takeovers or newcomers The Government's forthcoming rules on insider trading do not herald a new era of regulation, but Mr Ryden believes the changes can be interpreted as a warning that the state is prepared to act if the business community does not show self-restraint.

Voluntary changes should also be considered in the current system of variably weighted share voting power and finan-cial reporting practices, both of which have also been singled out for criticism.

The Stockholm market registered its first decline in four years in 1984, falling 12 per cent on the Veckans Affarer in-dex following an almost threefold increase in the past five years.

New figures have been released by the central bank showing that the net export of Swedish shares fell dramatically from SKr 6.1bn in 1983 to SKr 1.5bn last year. The number of share issues outside Sweden declined from SKr 3.1bn to SKr 400m, accounting for more than half the difference.

New issue volume reached a record SKr 13.3bn - more than double the level for the entire decade starting in 1970. Favourable tax treatment meant that SKr 7bn was in the form of warrants and debentures, but stiffer rules are likely to make these instruments less interesting this year.

Moreover, a record 63 companies went public last year, but raised less money

### LONDON

# **Industrials** take brunt of uncertainty

THE UNCERTAINTY over UK Government policy on sterling continued to weigh heavily on the London stock markets yesterday.

Leading shares again came under attack as credit charges in UK money markets rose. The key three-month interbank rate initially moved up to 14% per cent, or half a percentage point higher than clearing bank base rates, and revived fears that further increases in bank borrowing charges might be in the offing. Conflicting reports about the Opec conference on oil prices compounded the worries.

-Blue chips retreated and the sharp falls among the constituents of the FT Ordinary index took-the measure 25 points lower by mid-afternoon. A reaction in money market rates, however. which gave government stocks a muchneeded boost, eased the tension and left the FT index only 16.7 lower at 961.2 by the close.

Chief prices changes, Page 24; Details, Page 27; Share information service, Pages 28-29

## HONG KONG

ENTHUSIASTIC profit-taking took its toll on a fragile Hong Kong, with the Hang Seng index falling 36.02 to close at 1,338.87 although turnover declined from the high levels set on Monday.

The failure of the market index to penetrate the 1,400 point barrier prompted institutions and local investors to sell. Many traders had expected Saturday's half-point cut in the colony's prime lending rate to underwrite a strong advance, but it failed to materialise.

Among the leaders, Cheung Kong fell 50 cents to HK\$13.10, China Light lost 40 cents to HK\$14.60 and Hongkong Bank shed 15 cents to HK\$5.55.

Elsewhere Hutchison Whampoa retreated 60 cents to HK\$19.90 although Jardine Matheson held its loss to 35 cents at HK\$8.85.

## **AUSTRALIA**

INDUSTRIALS were in the forefront of a Sydney rally that took the All-Ordinaries index 3.1 higher to 758.1.

Institutional buying was evident across the board. Resource issues were favoured by some bargain hunters and takeover situations again provided an incentive to selective buying.

CSR, which announced plans last week to restructure its Delhi petroleum subsidiary and is now considered a possible takeover target, rose 12 cents to

Oil and gas issues were firm despite uncertainty about the Opec conference in Geneva on pricing levels. Santos added 8 cents to AS5.12.

Metals and golds were mixed, with Niugini Mining and Placer up 20 cents at A\$10.30 and A\$22.00 respectively. North

Broken Hill slipped 13 cents to A\$2.05 after its A\$14.8m half-year pre-tax loss. Property group Hooker traded higher to A\$2.09 but closed steady at A\$2.07 af-

ter speculation that Sunshine Australia might lift its partial offer for the group.

WEAKNESS developed in selected areas of Toronto, threatening to end the 11 consecutive days of gains. Golds put on one of the best performances, while base metal miners managed modest rises. Oil and gas issues were also marginally

Among the actives, volume leader Daon put on 1 cent to C\$2.98, Inco moved CS% higher to C\$18%, while Bank of Nova Scotia traded CS% up at C\$14%. More moderate trading in Montreal

edged most sectors higher.

### **EUROPE**

# Frankfurt inhibited by rate concern

CONTINUED reaction to the sharp advances posted last week left many of the big European centres marking time again yesterday.

Frankfurt trading was also inhibited ahead of tomorrow's policymaking meet-ing of the Bundesbank council, with views divided over whether an increase in domestic interest rates can be expect-

Nonetheless, the midsession calculation of the Commerzbank index showed a 5.7 advance to 1,147.2, although prices eased later to leave the market closing

Among banks, BHF fell another DM 6 to DM 283.50 in continued reaction to its planned one-for-eight rights issue at DM

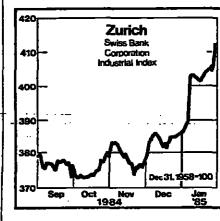
Deutsche Bank was DM 2 lower at DM 394.50 ahead of the announcement that Herr Alfred Herrhausen was to succeed the retiring management board spokesman, Herr Wilfried Guth.

In the steels sector, Thyssen slipped DM 1 to DM 89.90. Its steel unit reported an order worth DM 85m for a Chinese

steel millcomplex. Klöckner-Werke added another 10 pfg to DM 75 after a high of DM 75.80, on further consideration of the announcement that it is assured of state aid for its merger with Krupp and the Australian CRA group. Hoesch also added 10 pfg to DM 103.50 after its DM 80m Czechoslo-

vakian steel piping order.
In a mostly easier motor sector,
Porsche added DM 7 to DM 1,060 as it announced price rises from Friday and plans for two models to be available in versions allowing for the fitting of emission-reducing catalytic converters.

The other car makers continued to suffer from reports of a sharp fall in do-



mestic demand as a result of uncertainties over introduction of the converters. Bond prices eased in quiet trading, with the outlook for interest rates dominating the market. The Bundesbank was the only active participant, selling DM 11.5m of paper, after purchases to-

Profit-taking left Amsterdam easier, but above opening lows, with the ANP-CBS General index down 2.7 at 192.2. The downturn which began on Monday amid UK selling gathered pace yes-

talling DM 7.9m the previous day.

terday when U.S. buying interest failed to materialise. Bond prices were lower mainly under foreign and professional selling pressure amid continued uncertainty over

interest rates.

The European Court's ruling that French petrol price controls contravene European Community statutes, undermined oil issues in Paris and led the bourse lower. Uncertainty over the outcome of Opec's meeting in Geneva further unsettled the sector.

Brussels drifted lower in light trading. One of the few advances was recorded by zinc producer Vieille-Montagne, up BFr 10 to BFr 5,510 after reports that a group of Flemish shareholders might try to gain a seat on the board. Union Miniere, which has a controlling minority in Vieille Montagne, declined to comment. Bond prices edged higher in response

to a half a percentage point cut in Treasury bill rates. Against the lower trend, Zurich continued on its record setting path with the Swiss Bank industrial index up 1,00

at 412.20. Some profit-taking emerged, however, to limit gains. Nestle rose SwFr 90 to SwFr 6,080 in continued reaction to Monday's results.

Insurance and banking shares joined in a Milan upturn in lively trading which saw strong demand.

Madrid was also higher, but Stockholm turned lower with the sharpest losses seen in pharmaceuticals.

## **SOUTH AFRICA**

A FIRMER bias developed among Johannesburg gold shares late in the session, although many mining houses closed down on the day despite the higher bullion price.

The government move to force gold mine groups to receive half the proceeds of their overseas gold sales in rands and half in dollars, instead of all in dollars, Buffels finished R2.50 off at R65.50,

Driefontein was R1 cheaper at R47 and Free State Geduld at R43.50 was R1.50 down. Diamond share De Beers, however, added 5 cents to R8.55 and Rustenburg Platinum gained 20 cents to R16.50.

**NEW YORK** 

LONDON

FT Ord

FT-SE 100

FT-A 500

TOKYO

FT-A All-shere

FT Gold mines

FT-A Long gilt

Nikkei-Dow

Tokyo SE

AUSTRALIA

Metals & Mins.

Credit Aktier

Belgian SE

Montreel Portfolio

DEMMARK

FRANCE

CAC Ger

Ind. Tendance

WEST GERMANY

Commerzbank

Banca Comm.

NETHERLANDS

ANP-CBS Gen

ANP-CBS and

Straits Times

Oslo SE

FAZ-Aktien

HONG KONG

TALY.

Hang Seng

**Toronto** Metals & Minis

Copenhagen SE

All Ord.

AUSTRIA

BELGHM

CANADA

DJ Industrials

DJ Transport

S&P Composite

Dees it z

Total Till

who yas

MOAPORE BOUTH AFRICA

SPAIN

WORLD Capital Int'i **GOLD** (per ounce) Zürich Paris (fixing)

\$298.00 \$297.90 \$303.15 \$298.99 5303.50 \$299 60 \$302.90 \$301.80 New York (Feb)

112.53 Madrid SE 113.82 J&P 1,429,83 1,433,68 1,549,48 WITZERLAND 412.2 411.2 380.7 Swiss Bank Ind 194.7 185.2

Alcoa 144.4 12% Dec 2012 98% 12.40 98% 12.40 326,64 317,74 247,48 FINANCIAL FUTURES CHICAGO Latest High 816.38 794.64 1.051.57 U.S. Treasury Bonds (CBT) 8% 32nds of 100% 73-07 73-11 73-01 73-14 965.1 S1m points of 100% 92.05 92.07 92.03 92.11 Certifi es of Deposit (IMM) \$1m points of 100% 91.47 91.50 91.45 91.56 March LONDON \$1m points of 100% 91.16 91.20 91.13 91.27 March £50,000 32nds of 100% March 102-08 102-16 101-15 101-22

> COMMODITIES (London) Silver (spot fixing) Ртеч 534.20р Jan 29 558.05p Copper (cash) Coffee (Mar) £1,267.50 £1,232.50 £2,368.50 £2,407.50 Oil (spot Arabian Light) \$27.60

Continued on Page 23

在我中的祖教的证明,可以不必然了这样也是然后在我的是否的自然是可以明明,我们还是是这种的,我们就是我们的,我们也是我们是是一种,我们是我们的一种,我们就是我们的

· 在我们们的时间就会会说话,我们就是我的话的话,我们可以

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# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Bal 如何说机,他只是我们的有一个,我们就是我们的,我们就是我的,我们就是我的,我们就是我的人,我们就是我们的,我们就是我们的,我们们是我们的,我们们的,我们们的,我们就是我们的,我们们的一个,我们就是我们的,我们们的一个,我们就是我们的一个,我们就是我们的一个,我们就是我们的一个,我们就是我们的一个,我们就是我们的一个,我们就是我们们的一个,我们就是我们们们就是这一个, 门外的口上,我们上来看到多种的感觉的感觉对我们也就在那个什么多多的感觉的人们是对我们的感觉不够的,我们就不是一个的人,我们上来看到这种的,我们也是一个人的人们, 1995年,我们是一个人,我们是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们也是一个人,我们也是 在对于20年的中的人,我们的时候是一个人,我们的一个人,他们的一个人,他们的一个人,他们的一个人,他们的一个人,他们的一个人,他们的一个人,他们的一个人,他们的一个人, 25171279 12 。如果不是对这个目的是可能可能用的各种的原则是不是不是的,但是我们是有的的,也是我们的一种,也是是一种的,也是我们的一种的,也是是我们的,也是我们的,也是我们的, 1995年,我们就是我们的一种的各种的,我们就是我们的是我们,他就们就可以是我们的一种的,我们就是我们的最后,我们也是我们的,我们也是我们的,我们也是我们的,我们 。如果是这种,我们就是这种的,我们是这种的,我们就是这种的,我们就是这种的,我们就是这种的,我们也是这种的,我们也是这种的,我们也是这种的,我们也是这种的,我们 1995年,我们就是这种的,我们是这种的,我们就是这种的,我们就是这种的,我们就是这种的,我们就是这种的的,我们就是这种的的,我们就是这种的的,我们就是这种的的 一句,我只见了那么多的话的话,我就是在我们的话,我就是我的话,我们也是我们我的话,我们就是我们的我们,我们是我们的话,我们是我们的话,我们也是我们的话,我们也没 1 สนับสนาสัสที่สนาสัสที่ในสัสพิทธิ์ที่สนับสนาให้ทำให้เก็บสนาให้เก็บสายให้เก็บสัสที่สัสที่ให้ในก็ใช้คนให้เล็ดเห็ตีสลอย -中のでき のないのの 日本の日 あるい 使用有力的,也是现代的现代,我们还是这种的,不是是不是不是,我们就是是我们的我们是我们的,我们是我们的,我们也是我们的,我们也可以是我们的,我们也可以会会,我们 1996年,我们们的是我们的是我们的,我们也可以是我们的,我们就是我们的我们的,我们就是我们的,我们就是我们的,我们就是我们的,我们也可以是我们的,我们也可以 កសិទីពីមិនជាម៉ាន់មើនចំពែលមិនកំពុំនៃសម្តេចបើកម៉ាន់កើតដើម្បីការបានសុក្សិតម៉ាន់នេះការបានស្ថិតសម្តីកើត្តនេះការបានសម COUNTRY OF THE THE PARTY OF THE त्रिक्षण्यात्रक्षण्यात्रक्षण्यात् । प्रतिकृष्टिक्षण्यात् । प्रतिकृष्टिक्षण्यात् । अस्तिकृष्टिक्षण्यात् । अस्ति जन्म 的复数 经分割的 医克特勒氏线 医克勒氏性 医克勒氏线 医克勒氏线 医克勒氏 5.自然感情的人只好用的有情况的情况,因为他们会的情况是我们的自然相当不断,那么因为我自然是那么不是我们们仍是这个我们的是一种的话,我们们们们们们们们们们们们们们们们们们的,我们们们们们们们的一个一个人们们们们们的一个人 想的说法是感到这些证据的分别,但如今我们我们或自己要感到的重要感到我们的证明,我们就是我们感到我们的自己的现在分词的现在我们的人的重要的说法,我们看到的。 JeffPl JerC JerC JerC Jewich JohnCh JohnCh Jorgen Joseph Joyddig prison of the control କ୍ରାନ୍ୟରଣ କ୍ରିଲିକ ଅନ୍ତର୍ଜ୍ୱ କରିଥି । ଅନ୍ତର୍ଜ୍ୟ କରଥି । ଅନ୍ତର ଜଣ୍ଣ କରଥି । ଅନ୍ତର୍ଜ୍ୟ କରଥି । ଅନ୍ତର୍କ୍ୟ କରଥି । ଅନ୍ତର୍ଜ୍ୟ କରଥି । ଅନ Dentide Control of the Control of th 24/2 46/2 90 12/4 53/2 21/4 21/4 · 并不是四三世級時, 學院與學其東京的用語或者中國的時代 + la - la + la + la + la - la ৼয়৸ড়য়য়ঢ়ড়৾৽ঢ়ড়ৼড়য়৸ড়ড়৸ড়ড়৸ড়ড়৸য়ড়৸য়ঢ়ড়য়ড়ৼঢ়ঢ়য়৸ঢ়ড়ড়য়ড়৸৻য়ড়ড়ঢ়৸ড়ড়৸ৼ৸৸৸ৼৼড়ড়৸ড়৸য়৸ৼ৾ঀড়ড়ৼ৸ড়ড়ড়৸ড়৸য়৸য়য়৸য়য়য়য়য়৸য় ড়ড়৸ড়য়য়ঢ়ড়৾৽ঢ়ড়ৼড়ড়৸ড়ড়৸ড়ড়৸ড়ড়৸ড়ড়৸য়ড়৸ড়ড়ড়ৼঢ়ড়৸৸ড়ড়ড়৸৻য়ড়ড়ঢ়৸ড়ড়৸৸৸৸৸৸৸৸ড়ড়ড়ড়৸ড়ড়৸ 2000年2月19日 1900年 1 25:517:55:11 (85) 31 71; 35:25:31; 3 LINHO
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# هكذاصه الأصل

# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING

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PGE-DI 我们感觉的感觉就是我们的感觉我们我们感觉感染是我国的中国以下的。我们我们到我自己的自己的自己的意识的。 19 1710;412分子66641187209773766856777279792554511116221760862017232123332467792554562114877845815208;422 22 17 11 45 13 1 10 5 25 125 34 2 6 20 22 E 化多型光谱系形光态的多头光型通路机器超过极大器作品或型图7 有作的形型的形形的名词形形的有的有的有效的形式和大约 化光电压的测设计设备公司经济通过对大限设施计划的经验的发展不同题的设计的对比对的经济的设计的设计设计设计。 1117193304291445716685128628649715228571144867486748603121112443316 #COME NAME OF THE PROPERTY OF 148 34, 104 14, 344 32, 15 18, 17, 32 143000 514300 6147232 55 10 48 3.127.1314.336.7.1016.7.10 2.164.33.464.43 20a 15 9 12 6 20 b 2 13 35 80b 25 10 n 2 22 B 58 5 8 15 16 13 13 20 12 16 1 15 14 15 12 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 16 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 1 18 13 20 12 15 20 13 18 18 20 16 39 20 16 39 20 16 39 20 16 39 20 16 39 \_F 2007 2 21 6 18 1 19 20 5 49 7 32 20 20 20 11 15 69 8 \$3 16 FPA
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31: 353: 504: 224: 13 37 259: 40 865 1074 2 1 152 450 9: 35<sup>1</sup>/<sub>2</sub> 12 5<sup>1</sup>/<sub>2</sub> 25<sup>1</sup>/<sub>2</sub> 2 Notice No 25 4 15 5 10 11 25 4 55 1 34 35 487 227 384 251 251 None Nucer Nutris NYMEX 584 394 95 775 29½ 35 4½ 78¾ 、 用起的眼睛的时间也没有不断的感音也有一种,不是我们的感觉的感觉,也是不是不是一种,我们也是一种,我们就是一种,我们也不是一种,我们也是一种,我们也是一种,我们也是一种,我们也是一种,我们也是一种,我们也是一种,我们也是一种,我们也是一种,我们也是一种,我们也是一种,我们也是一种,我们也是 5. 有关下有关口语图式系统 医多二氏管 网络阿里因 医丁斯克氏试验检试验 医乳虫二角质乳肉或样的 PHM GPSA ASSESSED TO THE PROPERTY OF THE PROPE 

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्रास्थात्त्र । प्रतिकार्तिक स्टब्स्ट्रेस्ट्रिकेट प्रतिकार स्टब्स्ट्रेस्ट्रिकेट स्टब्स्ट्रेस्ट्रिकेट स्टब्स्ट्रेस स्टब्स स्टब्स्ट्रेस स्टब्स स्टब्स्ट्रेस स्टब्स्ट्रेस स्टब्स्ट्रेस स्टब्स्ट्रेस स्टब्स्ट्रेस स्टब्स्ट्रेस स्टब्स्ट्रेस स्टब्स्ट्रेस स्टब्स्ट्रेस स्टब्स्ट्

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前面对图图图中的 医通道形式 医阿斯特斯氏型 电光道图像 电影作用 医马克勒氏病 医多克勒氏病 医多克勒氏病 医克克勒氏病 医克克勒氏病 医克勒勒氏病 ६४० विकास के जिल्ला के अपने के अपने के प्रतिक के किए के किए के अपने के अपने के अपने के अपने के अपने के अपने के इसके के प्रतिक के किए के अपने अपने अपन +12 

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Continued on Page 24

WORLD STO	CK MARKETS	
AUSTRIA GERMANY NORWAY AUSTRALIA (continued) JAPAN (continued)	OVER-THE-COUNTER Nasdaq national market, 2.30pm prices	LONDON Chief price changes
Sch3 — Jan. 29 Price + or Jan. 20 Price + or Jan. 2	Statek Sales High Low Last Chrog Stock Sales High Low Last Chrog Stock Sales High Low Last Chrog (Hods)	(in pence tinique otherwise indicaturi) RISES
Therefore   1865   178.5   -0.3   Christiania Bank 162   +1   Hartogen Energy 2.12   -0.05   Mitaukosiu   185   -2   Laenderbank   256   Bayer   187.8   DenNorske Gred   169   +1   Herald W'yTimes 3.95   -0.05   Mitaukosiu   1805   -2   Pertmooser   187.5   -2   Herald W'yTimes 3.95   -0.05   Mitaukosiu   1805   -2   Mitaukosiu   1805   -2   -2   Mitaukosiu   1805   -2   Mitaukosiu   1805   -2   Mitaukosiu   1805   -2   Mitaukosiu   1805   -2   -2   -2   -2   Mitaukosiu   1805   -2   -2   -2   -2   -2   -2   -2   -	AST	Tr. 13% 1998
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NOTES — Prices on this page are as quoted on the individual exchanges and are lest traded prices. \$ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.    Coles (C.J.)   4.18   + 0.08   Maru    1,030   -50   Rust Plat   16.5   + 0.2   MeI   1,560   -30   Safren   12.6   -30   Saf	AMERICAN STOCK EXCHANGE CLOSING	
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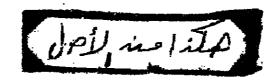


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† Exclusive bonds. 4 400 Industrials. § 400 Industrials plus 40 Utilities. 4
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# Midland Bank **Interest Rates**

## **Base Rate**

Increases by 2% to 14% per annum with effect from 28th January 1985.

# **Deposit Accounts**

Interest paid on 7 day deposit accounts increases by 21/2% to 11% p.a. with effect from 28th January 1985.

## **Monthly Income Deposit Account** Service (MIDAS)

Interest paid will be increased from 114% to 13½% p.a. with effect from 25th February 1985.

## Save and Borrow Accounts

Interest paid on credit balances increases to the above Deposit Account rate and interest charged on overdrawn balances increases by 2% to 23% p.a. with effect from 27th February 1985. **APR 25.0%.** 

## **Budget Accounts**

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# State framework will simplify investor protection

A STATUTORY framework to make investor protection laws ensuring that the financial services sector is, and is seen to be, proposals in the 1995-96 parliamentary session. more straightforward, more consistent, more comprehensive a "clean" place to do business. The regulatory framework and more suited to present and future challenges facing the financial services industry is detailed in a White Paper.

In its proposals the Government is seeking to ensure that the financial service community in Britain is efficient in its provision of services to industry and commerce, private investors and the Government and is competitive, domestically and internationally. A system of regulation must inspire confidence by

must be clear enough to guide, but not cramp, structural change in the industry, says the Government.

The Government favours a system of supervision of the financial service community in which those who provide financial services will police their markets. This self-regulatory system will operate within a statutory framework, and the Government expects to introduce legislation based on these

In the 44-page White Paper the Government envisages the creation of two practitioner-based regulatory bodies - a " securities and investments board" and a " marketing of investments board," the latter responsible, in particular, for life insurance and unit trusts.

By John Moore, City Correspondent

# Private bodies will authorise businesses

ising investment businesses will be given to one or more private sector bodies whose members will be drawn from those who provide and those who use financial services.

"There is a wide measure of support for a regulatory system which can most simply be described as self-regulation within a statutory framework,"

the White Paper says.

The Secretary for Trade and Industry will keep certain powers in relation to competition and international obligations. petition and international obligations, to ensure that the private sector regulatory bodies do not adopt rules or practices which conflict with these obligations. The trade secretary will ensure that the rules or practices of the bodies are not more restrictive than necessary for their prime purpose of protecting investors' interests and maintaining proper standards in the industry.

Explaining the reasons for the

proposed structure for investor protection, the Government says the main advantages of a system of self-regulation within a statutory framework are as follows: It offers the best possibility of combining adequate investor protection with a competitive and innovative market.

Regulation is more likely to

be effective if there is significant practitioner involvement in devising the rules, enforcing them and in encouraging the observance of high standards of

 A private sector body able to make and enforce rules would have greater flexibility in its operations than a body unable to change its rules other than by parliamentary legisla-

 Practitioners are best equipped to spot breaches of the rules and take swift and effective enforcement action. A private sector body could established and brought to a high degree of readiness by the time the legislation receives royal assent; the legislation and the practical preparations can go forward together rather than

The necessary legislation to establish a new statutory framework is likely to be in place, if parliament agrees, by the end lation is in place can the trade secretary delegate formal power to the main private sector regulatory bodies or body. "In the meantime, however, it will clearly be necessary to develop the body or bodies to the stage which would allow the delegation of authority to them . . .

"During this development. the financial services industry and its customers may conclude that there are advantages in a single body. The Government would be prepared to consider such a proposal." But the Gov-ernment believes an effective system of regulation can be based on two hodies—the securities and investments, and the marketing of investments hoard. covering the regulation of marketing of pre-packaged invest-

"The Government recognise liamentary approval."

practitioner-based sytem with accountability to the govern-ment and to parliament the following is proposed:

For the securities and

investment board, the secretary of state will appoint the chairman with the agreement of the governor of the Bank of England. The governor will

appoint other board members

with the agreement of the

secretary of state. For the marketing of investments board,

the secretary of state will appoint the chairman and the

other members in consultation

The White Paper says twere

is a risk that regulation by prac-

titioner-based organisations may

degenrate into cosy clubs or

therefore be made to apply

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competition policy to securities tary of state.

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**Combining accountability** 

IN ORDER to combine the and investments board and self-benefits of an effective regulatory organisations. practitioner-based sytem with The secretary of state will

and a practitioner base

RESPONSIBILITY for author- the very important contribu-ising investment businesses will tions made to self-regulation over many years by the Stock Exchange and, more recently, by bodies like the National Association of Security Dealers and Investment Managers and the Insurance Brokers' Registration Council. They welcome the formation of the Association of Futures Brokers and Dealers. These organisations will continue to play a major role in the new system. But each can cover only its own particular sector.

"Against the background of radical changes in the financial services industry and the increasing potential for abuse of conflicts of interest the Government intend that equivalent standards of conduct should apply to the whole industry. This can be best achieved by the creation of the proposed bodies which will be primarily function-based.

In the legislation the Government will seek parliamentary approval for regulatory powers to be given to the Secretary of State. The Secretary of State State. The Secretary of State would be enabled to delegate these powers to any body which appeared to him to meet criteria to be set out in legislation. In this way the bodies would be given their statutory Under the proposed criteria

the body's indicated rules and practices relating to the authorisation of investment businesses —and suspension, variation and revocation of authorisation—are fair and reasonable. The body's proposed require-

rients relating to authorisation would have to ensure that those who are permitted to undertake investment business are and remain fit and proper persons by virtue of their competence, probity and resources."

A body's proposed rules relating to the conduct of busi-

ness will have to ensure that

investors are afforded adequate protection. A regulatory body will have to show that it has procedures and resources enabling it effectively to monitor and enforce observance of its rules. The constitution a regulatory body will have ● Day-to-day regulatory action to give its governing council is distanced from government. the sectional interests of those authorised, and effective procedures for investigating com-plaints against investment should not impose restrictions

> The governing council of a regulatory body should include members drawn from users of financial services and other lay members as well as practi-

on competition greater than

justified for the adequate pro-

tection of investors.

To provide for a statutory power of authorisation and regulation to be given to a private sector body is unprece-dented. The bodies will be enabled to make rules with the force of law and to ensure that businesses comply with them. But the practitioner-based system will not work without the maximum freedom from detailed government interven-tion or if every change in rules is subject to government or par-

keep the power to revoke or amend the rules of the boards if they conflict with Britain's

international obligations.

If at any time either board

ceases to conform to the criteria in the statute the secre-

tary of state will be able to withdraw its delegated auth-

ority. The regulatory function would then rest with the secre-

tary until any further delega-

tion was made.
The boards will be obliged

by statute to report annually

# PROPOSALS FOR LEGISLATION ON FINANCIAL SERVICES

INVESTMENTS subject to the legislation will include, in addition to the securities covered by the existing Pre-vention of Fraud (Investments) Act 1958, the range of financial and commodity futures and options contracts and certain other products. Those investments excluded are property which passes under the direct physical control of the investor.

Investment businesses subject to the legislation will include any business which effects transactions in investments, manages investments or offers advice about them. wspapers, investment clubs, I companies issuing their own shares will be excluded from the legislation. It will be an offence in law

to carry on investment busi-ness described in the legisla-tion unless practitioners are The Secretary of State for

Trade and industry is seeking in the legislative programme powers to allow regulatory bodies to authorise the operation of financial concerns and individuals carrying investment business. Two main practitioner-

based regualtory bodies could be formed—a "securities and investments board" and a marketing of investments board," covering in particular life assurance and unit trusts. The legislation will in no way prevent delegation to a single practitioner-based regulatory

There will be provision for the two boards to recognise self-regulatory organisations such as the Stock Exchange. the National Association of Security Dealers and Investment Managers, the Associa-tion of Futures Brokers and Dealers and the Insurance Brokers Registration Council for the authorisation of an investment business The Secretary of State will invested

appoint the chairman of the Securities and Investments Board with the agreement of the Governor of the Bank of England. The Governor of the Bank of England will appoint the other board members with the agreement of the Secre-tary of State. For the marketing of investments hoard, the Secretary of State will appoint the chairman and other board members in con-sultation with the sectors of the financial services industry

The current controls will be relaxed to allow more unit trusts to be made available
Investment advisers will
have a duty to disclose "relevant information" including material interest they have in a recommendation. There will be a requirement disclose comprehensive

information about the way

made at the expense of the

need to be resolved in the fol-

lowing way.

● A "best execution" principle,

whereby all instructions from

clients must be executed to the

client's best advantage. Thus no

investment should deal with a client from its own account or

book unless this results in

A "subordination of interest"

requirements, so that the

client's interests are paramount.

Thus clients should be given

priority in the execution of orders when an investment

business is also dealing on its

own account, and there should

be no "churning" of a managed

portfolio to generate commis-

sion income. Transactions should not be carried out except at the price, in the volume and

at the time indicated, and in accordance with the wishes of

been expressed.

which it is acting.

the client where these have

Where a business can deal

with a client either as principal or as agent the client should be

made aware of the capacity in

investment business holding funds on behalf of a client to

place them in a segregated trust

account. Client money will be held as trust money. This will

not apply where client money is held by a bank, licensed deposit

taker or building society because protection in these cases is given by the Banking Act and building societies legis-

lation. Investment firms should

also make arrangements to safe-

guard documents of title held

able for investors in the event

of loss arising from investment

husinesses fraud, negligence, or

failure to comply with requirements for the protection of

It would be for the relevant

board to establish or approve the appropriate method of com-

pensation. The legislation would

impose a duty on it to see that

such arrangements are made,

stances of the client. Terms of business deals should be dis-

vestment concerns and arrange-

Compensation should be avail-

The legislation will require an

better terms for the client.

Specific conflicts of interest

pension scheme assets are

Only authorised investment businesses will have a statu-tory right to issue advertisements or circulars likely to lead to the purchase or sale of investments. Public offers of securities.

primary or secondary, includ-ing offers made on take-over bids, will be subject to the same statutory regime. The legislation will extend the insider dealing provisions of the Companies Act 1980 to

cover all securities, including options and futures contracts based on them. The regulatory board (or boards) and its recognised self-regulatory organisations will be responsible for enforcement

ing their respective rules. The Department of Trade and Industry and the prosecution authorities will be responsible for enforcing the criminal

Mr Norman Tebbit, Secretary of State for Trade and hides presents the Government's proposits

# **Boards will** utilise selfregulation

THE GOVERNMENT expects the two boards will wish to make maximum use of selfregulatory organisations. The boards will be able to recognise self-regulatory organisations and to supervise their rules and practices.

The boards will have to determine that the organisation is able to regulate the admission and conduct of its members, and that its rules provide a stan-dard at least as high as those of the boards themselves.

Thus authorisation for an investment business" could be obtained either through membership of a self-regulatory organisation recognised board or directly from a board. Those setting up the boards will have to work out how they can operate most swiftly and effectively. They may conclude that this depends ontheboards having the right to apply to the courts to secure evidence and

witnesses. If so, the Government

Any dispute about authorisation decisions or about penal-ties for breaches of the rules will be determined by the in-dependent tribunal. Its three members will be appointed by the secretary of state and it will be financed out of public funds. The chairman will be a lawyer, and one other member will be from the industry.

The tribunal's decision will he purblished and an appeal could be on facts or law. The tribunal would be able to sub-stitute its own judgment for the board's. The powers of the tribunal will be similar to those of the courts to require attendance and papers.

The development of inte-grated financial services groups, providing a range of services, means that many of them are subject to different supervisory

The White Paper says that under the new arrangements some of their business activities will fall within the ambit of the securities and investments board and others within that of the marketing of investments board. Some groups — or members of the same group— already belong to more than one self-regulatory organisation.

In addition, many financial conglomerates have a banking or deposit-taking arm subject to the supervision of the Bank of England under the Banking Act and an insurance arm subject to regulation by the Department of Trade and Industry under the Insurance Companies Act 1982, Some will also be supervised by the authorities in other countries where they do business.

to the secretary of state who will lay their reports before parliament.
The board's decision on auth-As a consequence, the Government recognises that regulatory responsibilities will overlap. "It orisation of investment business and on penalties for breaches of the rules can be reis the Government's wish that the need for multiple authorisa-tion of investment business should be kept to a minimum. A member business of a recogferred to an independent tribunal appointed by the secreiised organisation need apply for board authorisation only in respect of types of investment business not regulated by any recognised organisation of which it is already a member."

The Government says it is important that co-operation continues between the various regulatory bodies. It is to propose arrangements to enable information to be transferred between regulators, subject to

The boards will be financed by investment businesses and would not call on public funds. The right of the boards to finance themselves in this way

### Safeguards provided THE RAPID increase in the have been explained to, and number of firms engaging in accepted by, the client. The business must account to the

more than one type of investment business and the blurring client for any secret profit, of demarcation lines—for whether or not that profit is example, betwene stockbrokers and stockjobbers—have made it more important than ever that investors are adequately protected against abuses arising from conflicts of interest within investment businesses, says the White Paper.

It has been suggested that "Chinese Walls" offer this protection. The Licensed Dealers (Conduct of Business) Rules 1983 define Walls" as follows: "a Chinese Wall means an established arrangement whereby informa-tion known to persons in one part of a business is not available (directly or indirectly) to those involved in another part of the business, and it is accepted that in each of the parts of the business so divided decisions will be taken without reference to any interest which any other such part or any person in any such part of the business may have in the matter."

The White Paper says: "the Government are not convinced Government are not continued that total reliance can be Chinese Walls because they restrict flows of will consider provisions to this flicts of interest themselves. The safeguards which the Government feels the legislation should provide, in respect of all investment business are: ● A principle of fair dealing.
This principle would be the

basis of specific rules prohibiting unfair practices and requir-ing investment business to be conducted in accordance with good market practice.

• A duty of skill, care and diligence in the provision of invest-

ment advice and the transaction of investment business. This would mean, for example, that those holding themselves out as being qualified to give invest-ment advice, and who stand to profit when their advice is fol-lowed, are held to a duty of care commensurate with responsibilities.

● A duty to disclose. This would, for example, require an investment business to disclose in advance any material interest which it had in the proposed transaction, the capacity in which it would act, the fees and confer the necessary powers, which it would charge, the remuneration which it might dealing recommendations should receive from other parties in- be adequate and reasonable. receive from other parties in-terested in the transaction and any connection which it might the investment and the circumhave with other parties in-terested in the transaction. "It will be a criminal offence closed to customers. Proper for any person knowingly or records should be kept by in-

recklessly to engage in any act, device, scheme, practice or ments should be made by the course of conduct in relation regulatory boards for the to investment business which is orderly conduct of business by likely to defraud, deceive or authorised companie mislead." rislead."
The principles outlined in the Where an investment business White Paper governing the conacts as an agent for a client, duct of investment business will the general rules of agency and be set out in the legislation and

the consequent fiduciary duties rules based on them will be apply to the business. The busi-drawn up by the boards and must not put itself in a the self-regulatory organisations position where its duties to the which they recognise. "Keeping client conflict with its own in-these rules up to date and en-terests or with its duties to forcing them will be one of the others unless the circumstances prime functions of the boards."

# Competition 'should not be unnecessarily restricted'

restrict competition any more than is necessary for the pro-tection of investors and the proper conduct of investment business, says the White Paper. The legislation will make

express provisions for the pro-motion of competition in the financial services sector by arrangements which; apply a consistent framework of compeution law throughout the financial services sector; and enable

THE RULES of the boards and the Secretary of State to amend of the self-regulatory organisa. Or withdraw rules of the boards tions they recognise should not or the self-regulatory organisations if they are detrimental to competition and not justified in the interests of investor protection.

The Secretary of State will seek the advice of the Director General of Fair Trading on whether a rule change has significant implications for competition, or whether it is operating, either through agreements

# **Provisions** on insider dealing LEGISLATION

extend the insider dealing pro-visions of the Companies Act 1980 to cover all securities, including options and futures contracts.

Responsibility for conducting investigations into alleged cases of insider dealing will rest with the market authorities and the Department of Trade and Industry. The Government considers it necessary to strengthen the investigators hand by providing for them to be equipped with powers similar to those vested in an inspector appointed under section 165 of the Companies Act 1948. This would enable them to require anyl person who had bought or sold securities to disclose—for the purpose of Part V of the Companies Act 1980—details of a transaction.

Public issues

PUBLIC OFFERS of securities, primary or secondary, includ-ing offers made on take-over bids, will be subject to the same statutory regime. All offers to the public will have to comply with requirements regarding ally excepted. The minimum contents of prospectuses will be set out in regulations made by the Secretary of State. If the securities market felt it would be helpful, the Govern-

ment would be willing to consider providing statutory back-ing for the City Panel on Takeovers and Mergers.

Pensions THERE WILL be a requirement

to disclose comprehensive information about the way pension scheme assets are invested. Any investment manager or adviser involved in the administration of pension schemes as a business — other than simply as an employee - will require authorisation.

Advertisements

ONLY AUTHORISED investment businesses will have a statutory right to issue advertisements or circulars likely to lead to the sale or purchase of investments.
"Advertisements and circulars" will be defined to include all media. "Cold-calling" will not be banned for the sale of investment products where a cooling off period can be provided.

**Solicitors** 

THE GOVERNMENT propose that the Secretary of State should be able to exempt from the requirement to obtain authfessional body which is already recognised for the purposes of other statues. The Secretary will only do this if satisfied that the professional body in question maintains and engorces professional standards of con-duct offering equivalent safe-guards for the investor. This exemption wil apply only as long as the investment business of the firm is not a significant part of its activities. The likely can-didates for exemption are solicitors, members of the four accountancy bodies recognised for the purpose of auditing com-pany accounts and actuaries.

Tipsheets

THERE HAVE been cases of abuse where share Upsters in tipsheets, publications which re-commend particular share transactions, have taken advantage of recommendations in advance of their publication to subscribers.

The Government propose that tipsheets should be treated as investment circulars. Their publishers will be required to be authorised whether or not they or conduct stemming from it, offer dealing facilities. Bona in a way detrimental to compe-fide newspapers wil not require

# Marketing of investments board to be established provide, at point of sale, information about these matters

THE marketing of investments board will be able to recognise other self-regulatory organise-tions in its field when it re-ceives its delegated powers from the Secretary of State. In turn these organisations, once recognised, would be able to admit and regulate their mem-bers, with the ultimate sanction of expulsion.
The White Paper says: "The

Insurance Brokers Registration Council (IBRC)—as an existing statutory self-regulatory body—is in special position. If the IBRC is to play its part in the new self-regulatory structure, changes will have to be made to its constitution and rules. "The Government will pro-

pose amendments to the Inance Brokers (Registration) Act 1977 to fit the IBRC for its new role while retaining as far as posible the existing structure of broker self-regulation for non-life insurance and the exclusive right to the title 'insurance broker' for those registered with the IBRC." The Government considers

position to assess the degree to which independent intermay be influenced by commissions, including those known as such an insurer.

overriders, and other indirect In either case exceptions payments and benefits in kind.

"Rigorous disclosure requirements should be laid down to by the Secretary of State.

to purchasers of life assurance and units in unit trusts." The proposed legislation will

provide that one of two roules should be followed. The first is that specific details be stated of the amount and nature of the commission to be paid in relation to the transaction in question, including subsequent Alternatively, there could be

an undertaking that the commis-sion is within the limits prescribed by voluntary agreement within the industry. These limits could be set out by the insurance company in a notice provided to the purchaser, supplemented by fuller information on the limits in a leadet made available to the purchaser at point of sale.

The Government intends that it should be an offence for any-body to promote in the UK the sale of any long-term life assurance contract with an insurer not authorised to carry on such business by the authori-

member state. Further it would be an mediaries purporting to offer offence for anyone to publish or impartial advice to the customer circulate in the UK any adverlisement for the contracts of

Figures Figures Security

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1. April

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# Reform of unit trusts legislation proposed

the unit trust movement are planned to enhance the range of schemes available without such open-ended investment doing away with essential safe-companies to be formed in the guards. "Unit trusts are at UK. "This will enable the UK guards. "Unit trusts are at present over-regulated in some respects," the White Paper

The legislation will provide for two categories of unit trusts: authorised unit trusts, which can be promoted to the public generally; and restricted unit trusts which will have to be promoted more selectively.

Unit trusts which their promoters intend offering to the public will need to be authorised, as now. The Government envisages delegating this task to the securities and investments board in due course. Existing company law makes

it impracticable to form variable capital companies in the UK. although in many countries they are the standard

REFORMS in the regulation of form of collective investment scheme. The Government pro-poses to amend the law to allow unit trust industry to compete on the same basis as its foreign

counterparts.
Existing law forbids the promotion of unauthorised unit trusts, except to professionals. The Government proposes to end this ban, and to provide for a new category of "restricted unit trusts." This category of unit trusts

will be restricted in two respects. First, the prospectus may be sent initially only to other authorised investment businesses or to the manager's own clients. Second, authorised businesses will be required to take reasonable care to establish that a client understands and can afford to take the higher risks involved in a restricted scheme.

# Policing and prosecution

THE REGULATORY boards and and the Department of Trade their recognised self-regulatory and Industry would be esential organiation will be responsible for enforcing their respective rules. The Department of Trade and Industry and the procu-tion authorities will be responsible for enforcing the criminal

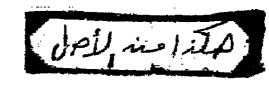
To facilitate vigorous enforcement, the Government propoes that the degislation should empower the Department of Trade and Industry to insect the books and paper of authorised businees, and of any person, company, partnership or sole trader uspected of carrying on invol-ment business without being authorised. This would be ana-logues to imilar powers in other legilation.

for enforcement of the criminal law to be effective, "In particular, evidence of possible criminal activity uncovered by the boards and the self-regulatory organizations ... will need to be pased to the department and the prosecution authoritie," the White Paper says.

To facilitate the enforcement

of invetor rights under Civil powers for the Secretary of State, which he could delegate to the boards, to seek injunctions and "disporgement orders" against buineses in hearth of the contrast land the contrast orders. the criminal law, the rules of boards or those of recognised self-regulatory organisations.

Co-ordination between the a new framework for interior boards, the self-regulatory organisation which they recognise £4.55. Financial Services in the UK;



**MARKET REPORT** 

RECENT ISSUES

# Gilt-edged recovery contrasts with another fall in blue chip industrials uring the morning, helped by a firm showing by the bullion price which closed a net \$4.75 higher at \$302.75 an ounce.

place from 3.30 am two business days andler.

The uncertainty aroused by Government policies towards sterling which, so far, has shown little appreciable response to sharply higher interest rates continued to shroud London stock markets. For the second day running, leading shares came under attack as credit charges in UK money markets rose. The key three months interbank rate initially moved up to 14½ per cent, or ½ percentage point higher than clearing bank base-rates, and revived fears that still further increases in bank borrowing charges may be necessary in order to sustain sterling. Conflicting reports on the current Opec meeting compounded these worries.

Blue chip industrials retreated across the board with jobbers meeting a rush of selling from meeting it invastars annious to meeting a rush of selling from small investors anxious to realise profits. By mid-afternoon

realise profits. By mid-afternoon the FT Ordinary share index was down 25.4 and seemed set for further depreciation. A subsequent reaction in money market rates, which gave Government, stocks a much-needed boost, eased the tension and brought leading equities away from the session's lowest. The FT index finally closed 16.7 The FT index finally closed 16.7 down at 961.2.

down at 961.2.

Consumer shares led the way down being affected by dearer money trends and despite the late rally, still settled with falls ranging to 26. Late news that yesterday's talks about talks between NUM and NCB officials had ended tended to stiffe interest in the after-hours trade.

The early morning scare concerning hase lending rates upset giltedged securities. Shorter maturities were hard hit and sustained immediate falls, some approaching a full point, before recovering! Investors gradually recovering. Investors gradually regained confidence, however, and later in the day medium-life stocks came duty their own. Selected issues responded sharply to revived persistent demand and closed 11 points up on the day. Longer-dated Gilts managed gains extending to 1, while the shorts eventually achieved net rises of 1 or so.

**EQUITY GROUPS** 

& SUB-SECTIONS

OTHER SPOURS (97)

42 Chemicals (17)
44 Office Equipment (4)
45 Shipping and Transport (13)
46 Miscellaneous (61)
47 Telephone Networks (2)
49 INDUSTRIAL GROUP (483)

FINANCIAL EROUP Baols (6) Instruce (Life) (9)

FT-SE 190 SHARE INCEX ...

FIXED INTEREST

13442 +821 |13438

123.92 +0.59 123.19

130.66 +0.23 129.79

141.10

125.35 +0.46 122.86

197.38 -0.01 107.39

... 75.44 -0.55 75.45 --

6 Detectors & Laure ... 104.49 | -0.60 | 105.12

Property (52)... Other Financial(25).

1 5 years 2 5-15 years ...

5 All stocks

3 Over 15 years ...

Insurance (Composite) (7) .... Insurance (Brokers) (6) ..... Mercigat Banks (12) .....

CAPITAL GOODS (207) . Building Materials (23) ...

Electronics (36) ....
Mechanical Engine

Account Dealing Dates
Option

\*First Declara- Last Account
Dealings tions Dealings Day
Jan 14 Jan 24 Jan 25 Feb 4
Jan 28 Feb 7 Feb 8 Feb 18
Feb 11 Feb 21 Feb 22 Mar 4

"New-time" dealings may take
place from 9.30 am two business days
action.

The uncertainty aroused-by
Government policies towards
sterings which, so far, has shown
little appreciable response to
sharply higher interest rates
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shares

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"through through the second sh and thoratry anded by Frees com-ment, closed 21 better at 666p, after 669p. Life issues drifted easier with Legal and General closing 8 down 548p and Pruden-tial similarly lower at 515p. In first-time dealings, Pacific Assets Trust attracted a reasonable two-way business and touched 79p prior to closing at 771p.

A fresh bout of selling took a A fresh bout of selling took a toll on Breweries. Although closing levels were above the day's lowest, Bass still sustained a fall of 17 at 492p, after 487p, while Allied Lyons finished 7 lower at 173p, after 170p. Scottish and Newcastle slipped 5 to 138p and Whitbread "A" 6 to 208p. Elsewhere, Distillers lost 7 20 293p. 209p. Els 7 to 293p.

Burllding fresh falls in the face of some fairly persistent small selling, but the leaders managed a minor rally late in the session. Blue raily late in the session. Blue Circle, the subject of American buying last week, remained on offer and shed 10 for a two-day fall of 25 to 485p. Redland gave up 7 to 276p and Tarmac fell 8 to 486p. Housebuilders lost ground on fears about another increase in mortage rates. Barratt Developments shed 4 to 720, as did George Wimpey, to 1050 Elsewhere. IDC firmed 4 to 154n in reply to good annual 1050 Elsewhere. IDC firmed 4 to 154p in reply to good annual results, while Access Satellite hardened 2 to 196p following hetter-than-expected interim figures. Buving in a restricted market lifted Watts Blake Bearne 4 to 214p, but profittaking in the wake of half-yearly results left Vibroplant 8 lower at 1450.

at 145p.
After fabling to 813p. ICI picked up to 819n before drifting off again to close 8 lower on balance at 817p.

Stores sold again

Leading Retailers ran into sustained selling brought on by Barclays easier

Disappointing annual results from a South African subsidiary upset Barclays, which fell 17 to 603p, and also provoked a sympathetic decline in Standard Chartered, off 15 to 495p. Midland were again anchored by rights issue possibilities and lost 5 more at 335p, but Lloyds recovered from 545p to finish unaltered at 550p. NatWest ended only a couple of pence off at 648p, after 645p. Discount sustained selling brought on by fears that a rise in mortgage rates would severely contail consumer spending. Falls ranged into double-figures for the second day running with Gussies and Survey 28 down at 694p. Weol-worth dropped 24 to 583p and Rarton lost 21 to 440p, while Habitat cheapened 16 to 356p. British Home gave up 6 at 244p. Debenhams 5 at 196p and Marks and Suencer 3 at 120p. after 118p. The pattern elsewhere in the sector was similar with falls of around 10 seen in Freemans,

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

Tue Jan 29 1985

451.69 -0.8 451.60 -1.1 594.80 -1.2 316.61 -0.5 1141.11 +1.4 420.21 -0.7 280.88 -2.6 598.84 -0.1 286.34 -0.1

xt adj. 1985 to date

8.98

0.08

0.80

0.92

8.15

BRITISH GOVERNMENT INDEX-LINKED STOCKS 0.18 15 Inflation rate

	Jan. 29	Jan	Jan. 25	3an. 24	Jan. 23	Jen. 22	SGO Aest
Government Secs	78,40	78,02	79.62	79.52	80,00	80.20	83,0
Fixed Interest	82,48	82,17	84,14	84.03	84,24	84.14	87.4
Ordinary	961.2	977,91	,002.8	991,7	1003.7	1024.5	831.
Gold Mines	446.1	440.3	439.5	442,9	454,3	453,0	543.
Ord, Div. Yield	4,48	4,41	4.29	4,35	4.30	4.22,	4,3
Earnings, Yid.% (full).	11,19	111,03	10.72	10.84	10,74	10,56	9,2
PIE Ratio (net) ("	10,73	110,89	11,90:	11.0B	11,18	11.38	13,2
Total bargains (Est.)	33,199	32,419	31,486 <sup>:</sup>	33,447	28,533	35,292	28,30
Equity turnover £m.	- :	483,13	473,14	582,55	678,45	597.99	311,6
Equity bargains		98,771	28,101:	29.357	30,119	34,940	23,66
Shares traded (ml)	<u> </u>	233,3:	254.8	294.8	279.4	297.3	174

10 am 962.9, 11 am 960 9. Noon 961.4. 1 pm 958.1. 2 pm 962,5, 3 pm 959,6,

Besis 100 Govt, Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. iold Mines 12/9/55. SE Activity 1974. Nil = 10.39.

> HIGHS AND LOWS S.E. ACTIVITY

	1984/85		Since Co	Since Compliat'n			Jan. 25
	High	Low	High	Low	Daily Gilt Edged		
ovt Sec.		75.73 ( 50/7/84)	127.4	49,18	Bargains Equities Bargains,		145.6 182.1
ixed int	87,48 (14/3/84)		150,4 (28/11/47)	50,53 (8/1/75)	Value  5day Average	976.5	
rdinary	1024,5	755.5 (25/7/84)	1024,5 (22/1/85)		Git Edged Bargains Equities	167.5	160,8
iold Mines	711.7	439,5	754.7 (15/2/88)	43.5	Bargains	196,1 1097.5	197,8 1090.7

162p. Goldsmiths, 198p, and Harris Queensway, 190p. Dixons cheapened 17 to 555p and John Menzies 18 to 220p.

Leading Electricals traded on a steadier note. Racal finished a couple of pence dearer at 204p, after 198p, but Plessey closed that amount lower at 180p. GEC edged up 5 to 200p on hopes that the companys cash mountain will benefit from the rise in interest rates. Among secondary teachy Stigman fortuned dary stocks, Microgen featured a jump of 100 to 910p in response to the bumper results response to the bumper results and proposed share split. Amstrad, still reflecting Press mention, improved 6 more to 78p, but Cable and Wireless fell 16 further to 498p. Crypstallate touched 212p before settling 5 cheaper on balance at 218p.

Engineering weakened with TI closing 10 down at 226p and Vickers 9 lower at 213p. Elsewhere, Babcock international gave up 7 more at 156p, while further profit-taking left Tace off 15 at 370p. Davy Corporation touched 81p before ending 5 lower on balance at 83p. lower on balance at 83p. Current U.S. favourite J.

Fri Jaa 25

| Signor | Colore | C

280.58 -25 7.57 233 12.92 282.57 272.51 287.70 287.15 282.57 286.54 -0.1 -3.25 --5.99.32 605.35 601.24 603.37 312.99 286.54 270.57 270.05 270.

4 Medium 5 Coupons 6 High 8 Coupons

That Jan 24

Wed Jan 23

11.54 11.20 10.64 12.39 11.63 10.97 12.53 11.76 10.99 10.49

12.38 12.29 12.29

11.54 11.12 10.72 12.26 11.58 10.97 12.36 11.73 11.63 10.45

12.63 12.37 12.37

Sainsbury encountered domestic Sainsbury encountered domestic profit-taking and retreated to 316p before fresh American buying left the close just 4 cheaper on balance at 330p. Rowntree Mackintosh, however, remained under pressure and lost 6 more to 342p, but Tate and Lyle rallied from 448p to close only a couple of pence cheaper on balance at 453p. S. & W. Berisford came on offer after comment on the group's S. & W. Berisford came on offer after comment on the group's borrowing costs and lost 4 to 169p. Elsewhere, Home Farm slumped 12 to 58p following poor interim results and a cautious statement, while recent high-filer Avana gave up 20 to 575p on lack of support.

## Powell Duffryn weaken

Powell Duffryn fell late to 386p on news that Hanson Trust had lapsed its offer before settling 28 down on balance at 395p. Hanson Trust, down to 208p at one stage, rallied smartly to close only a penny smartly to close only a penny cheaper on balance at 216p. Leading miscellaneous industrials encountered fresh offerings, but most closed above the day's lows. BTR ended 12 off at 642p, after 635p, and Beecham a like amount down at 368p. Reed International settled 10 lower at 560p, after 556p, while Boots rallied smartly from 163p to end only 4 cheaper on the Boots railled smarry from 100p to end only 4 cheaper on the day at 169p. Elsewhere, Rank Organisation responded to better-than-expected preliminary results with a rise of 8 to 318p, while A. Kershaw put on 15 to 355p. Other bright spots included Securiguard, up 6 further at 148p following favourable comment on the preliminary figures, and Nolton, 5 dearer at 55p, in response to acquisition news. In contrast, some recent high-fliers again came under selling pressure. Pearson ran back 23 to 625p and Smiths Industries 9 to 192p, while falls of around 10 were marked against Christies International, 480p, Fisons, 290p, and Peter Black, 200p. British Aerospace, finished only 5 cheaper at 358p, after 352p.

Samuelson Group, a strong

Samuelson Group, a strong market of late, fell 50 to 790p following news of a £4m rights

Motors came under further selling pressure. Lucas, still reflecting recent management changes at the group's electrical division, touched 260p before closing a net 7 down at 265p. Renewed profit-taking clipped 8 more from U.S. favourite Jaguar, at 284p.

more from U.S. favourite Jaguar, at 284p.
Revived takeover hopes helped Fleet Holdings resist the trand and close 4 better at 287p. Meanwhile, Haynes Publishing jumped 20 to 310p in response to the bumper interim profits.
Properties encountered fresh offerings at the outset, but the appearance of small buyers late in the session left the leaders with only minor falls on balance. Land Securities settled only a penny cheaper at 290p. after 287p, while MEPC finished 3 off at 312p, after 310p. Hammerson A, however, closed 10 down at the day's lowest of 495p and Peachey slipped 3 to 242p. Elsewhere, Ewart New Northern, which moved up to 270p on Friday following an attempt by brokers Northcote to acquire brokers Northcote to acquire shares on behalf of a client at that price, came back 20 to 250p. Espley Trust were a weak market at 18p, down 5, but London and Edinburgh attracted. fresh support in a restricted market and rose 6 more to 232p, after 236p. Buyers also came for after 236p. Buyers also came for Marier Estates, up 7 at 138p. In Shippings, P & O Deferred fell 8 more to 390p, after 388p. In Textiles, Lister reflected revived speculative demand with a rise of 3 to 61p. Courtaulds held up well at the overnight level of 137p, but Dawson International fell 6 to 276p and Allied cheapened 4 at 350p. Bats were sold down to 350p before rallying to close 5 easier on balance at 355p. Elsewhere in Tobaccos, Imps dipped 5 to 190p and Rothmang International relinquished 4 to 186p.

Prime takeover candidate

relinquished 4 to 180p.

Prime takeover candidate
Britannia Arrow dropped 11 to
98p, after 94p, on news that
Guinness Peat had acquired a
23 per cent stake in the company from the United Kingdom
Temperance and General Provident Institution and would
not hid for the outstanding not bid for the outstanding equity; G.P. closed 2 easier at 68p, after 65p. Elsewhere in Financial Trusts, stockjobbing concern Smith Bros fell 8 to 106p and Robert Kitchen Taylor 8 to 185n.

## Oils nervous

The steady stream of conflicting news items emerging from the Opec meeting in Geneva ensured a nervous session in oils. Once again the leaders were marked down at the outset but gradually recovered to close with modest losses on balance. Initially down to 495p, BP subsequently, rallied to end the day only 5 off at 500p, while falls of around 3 were common to Britoil, 200p, after 197p, Enterprise Oil, 174p, LASMO, 328p, and Shell, 703p. Ultramar dipped to a 1984-85 low of 193p but setlled 3 cheaper on balance at 195p. leaders were marked down at the but settled 3 cheaper on balance at 195p.

Traditionally volatile Irish exploration stocks provided a firm feature in Bryson Oil and Gas which jumped 25 to 95p amid rumours of an imminent announcement. Eginton were

CHEMICALS (1)
ICI Spc Cum. Prf.
STORES (3)
Gableti Holles Home Farm Prods.
LEISURE (1)
Radio City A N-V also in demand and put on 3 to

also in demand and put on 3 to 58p. Elsewhere, current speculative favourite Falcon Resources touched a year's best of 330p Lond. Provi. 3 SHOES (1)
Headlam Sims TEXTILES (1)
Kingslev & Forester
Oils (5)
B.P. Spc Cum. Pri. Shell Trans. 7pc 2nd
Charterhall Pri.
Mooument Oil Gas Ultramar
MiNES (1) before closing 3 harder at 325p.

# Golds rally

The moves by the South African authorities to relieve the pressure on the rand—including the change in the method of paythe change in the method of paying the gold mines which will 
now receive their payments half 
in dollars and half in rands—
save a mild boost to the recently 
depressed gold share market.

Gold shares opened the day on 
a steady note and edged higher

**EUROPEAN OPTIONS EXCHANGE** 

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Seri	ea ]	Vol.	eb. Last	Vol.	lay   Lest	VOL.	ug. Last	Stock
GOLD C	5300 8320	_	- 1	5	17.50	10	84	5505,10
GOLD C	8340,	_	! =	=	: =:	12 10	7.10	"
GOLD C	6350	_	! — I	5	3,40		I	"
GOLD P	6280 6300	16	. <u> </u>	4	10	39 23	! 6   12	
GOLD P	\$325		23.50		; == ;		= .	**
			Mar.	Ju		Sep		
SILVER C	3550 8600	11	40	13	120		I = 1	<b>3524</b>
SILVER C	8550	2	111	10	i 35 i	5	55	10
SILVER C SILVER P	8800 8550	5	1 2	10	10	_	i = i	•,
S:FL C	F1.540,	_	: - :	10	:20 :		: = :	 F1357.88
S:FL C	F1,345	_	=		- T	10	17 B	
S.FL C	F1.350	2	7-	25	11 -	10	15	**
8.FL P	F1.360	6	4	3	18	~		
S'FL P	F1.365	26 4	2.10	16	į š	=		
S.FL P	F1,320 F1,340	56	1,40	: =	: = 1	=	: =	"
E/FL P	F1.345	141	2,30	. –	i . = !	7	.11	P
S/FL P 8:FL P	F1.350	87 18	5.40	10	9,50	75	13,20	99
F-FL P	FT.360	13	7.80	=	! = :		_	
SDM P	DM515	=	[ — '	20	11.70	4	4,10	DM310.52 \$222.80
£ 5 C	S115	=	! = :	=	3,50	20	2.40	\$11LOU
		A	pr.		8uty		Oct.	
ABN C	F1.400.	39	7,80	8	11 ;	4	15 ,	F7.878
ABN P AEGN C	F1.360	52 1 152	4.80 A 3.20	11 31	5.40	_ !		F7,167,50
AEGN P	FI.160	194	6,50 B	25	Targ	= !		
AH C	FI.190 FI.190	52 70	24,20   1,30	-	ļ — ¦	- j	— j	F1.213
AKZO C	F),100	1050	6_20	184	7.80	59	9.50	F1.100.50
AKZO C	FI.120 FI.100	895	2.40	342	3.90 6.50	70	5.70	19
AKZO P	FI.70	82	4.50	815 4	5.20	523	7.40 B	F1.72
AMRO P		65	2.10 B	40	5.20	20	4,50	
GIST C	F).180	78 : 62 :	5.50	21	8 1	~ I	- 1	F1,176.66
GIST P HÉIN C	FI.170.	86 .	2.80 3.30 A	8	4.40	10	6.50	FI. 162.50
HEIN P	F1.15C	139	3.20	9	i i	4	E'an i	PL61.50
HOOG C	F1.70	409 i	1.10	60 110	2,20 2,90 ;	ē	7 EA N	
KLM C	FL60	457 .	2,60	91	4	3Q	4.70 B	FI.47.60
KLM P NEDL C	F1,45 F1,150	521 106	1.40	10	14 B	= 1		Fį. 138. <b>m</b>
NEDL P	FL150	31 :	2.20 A	- 8	6,5D	3		FL279
NATH C NATH P	F1.290 F1.270	80 : 70 :	8.30 : 5.70	18	12		14	- 1
PETR C	Fr.8000	67	:	20	. 100	_ ;	_ :	Fr.6530
PETRP	Fr.7000	31	400 i	7	i 590 l	Í	— i	
PHIL C	FI.60	591 : 178	1,90	217 35	2.70 B	81   3	440	PJ. 69
	FI.180	454 507	6,80	46	; * <b>8</b> {	81.	10 1	FJ.181.60
RD C				76	9.80	3	11.90	
RD P	F1.180 F1.340	71	4.50 6.50			ğ	14	F1. 831 RA
RD C RD P UNIL C UNIL P	F1.180 F1.340 F1.320		6,50		10,10	20 )	14.10	F1.531.80

G=CaH

P=Put

EQUITIES

London-based Financials were

former accounted for 3,208 BT 2,906.

**NEW HIGHS AND LOWS FOR 1984/5** NEW HIGHS (51)

CANADIANS (10)
of Montreal imperial Oil
of Nova Scotta
E Pac. Entrors.
Weer Sidd. Cau.
Trans Contain Ph

Spiritish Vending Global Group HOTELS (1) London Park Hotels

INSURANCE (4)
Bryant (Derek) Stewart Wright
Reed Stnhuse, Cl. C Willis Faber

PROPERTY (3)

Lond. Edinb. Trust

Dizon (David)

TRUSTS (2)

Argo lav.

Edropess Assets

Fleming Americas

Murray (nd. 8 Do. Crv. Pf.

Falcon Resources

OVERSEAS TRADERS (2)

African Lakes

MINES (1)

Tare Exploration

NEW LOWS (30)

LOANS (7) iomwide 11 ac Nationwide 11 pc 5/7/85 14,10/85 12/765 14/10/85 14/10/85 Do. 12/40C 5/8/85 Do. 10/40C 9/12/85 Do. 10/40C 9/12/85 Do. 11/40C 9/12/85

AMERICANS (1)

NEWSPAPERS (1)

SALA Lond. Edinb. Trust

STORES (2) WW Group

ELECTRICALS (6)

INDUSTRIALS (8)
er Lond. Midland
lais Do. Defd.
8 Russell (A.)
UDO Hidgs.

uring the morning, helped by a firm showing by the bullion price which closed a net \$4.75 higher	Stock Stock Stock Stock	Times Covered Gross Yield P.E.
at \$302.75 an ounce.  In the afternon the changes in payments method encouraged renewed support for Golds, mainly from Continental operators, and share prices closed around the day's best levels. The Gold Mines index moved up 5.8 to 448.1.	\$10 [F.P.] — 131s   18   18   18   18   18   18   18	1.4'

### **FIXED INTEREST STOCKS**

London-based Financials were unsettled by the latest bout of weakness in domestic equities, but ralifed later in the day	FIXED INTEREST STOCKS
reflecting the sharp rise in copper prices on the LME. RTZ ended the day a shade harder at 633p, after 628p and Charter settled unaltered at 200p, after	leeue pros High Low Stock 50 High Low
197p. Minorco continued their recent upsurge, advancing 20 more to 740p on renewed American buy- ing.	91,574 £30 10:4 3414 27  African Dev. Bank 11182 Ln. 8010 2812 + 12 \$100   F.P.  11/1 10212 100   Comm Bk of Wales1842 Subting Ln 85-91,10012     F.P.  22:2 127   108   F. & C. Eurotrust 54/2 Cnv. Ln.  98 125   -1    100   F.P.  22:2 1189   108- Fil 7.72 Cnv. Cum. Red. Prf. £1
Top-quality diversified Austra- lian Issues made rapid progress in overnight Sydney and Melbourne markets and con- tinued to gain ground in London.	85.81 ±250 ±196 ±301g ±24   int. Am. Dev. Bk. 94_Ln. 2015
reflecting the good showing by precious and base-metal prices. Western Mining were outstand- ing and closed 13 higher at 231p, while CRA added 9 at 386p, MIM	Ni  - 10pm   Spm.Mountleigh 876 Conv. Unsec, Ln. 2005;10pm   2   -   F.P.   -   10Ulg   974;   Nitionwide Bidg. Soc. 105s; 15/12/85   975; -   16   -   10Ulg   983; Do. 123 372/85   -   983; -   15   10   10   10   10   10   10   10
Holdings rose 7 to 181p and Bongainville 6 to 138p. Business in Traded Options centred largely upon the FT-SE	1.975 £20 ;27/5 ; 2476, 171c Sweden 11g Ln. 2012
100 and British Telecom; of the 13,807 total number of contracts transacted yesterday, the	"RIGHTS" OFFERS

## "RIGHTS" OFFERS

issue price	Amount paid up	Latest Renuno.	1984	/85	Stock	Closing price	+0
price	₹ā	date	High	Low	l 	ᅙ	
64 60 485 85 50 80 1r.18 24 255 38 32 17 250cts	F.P. F.P. F.P. F.P. NIII F.P. NIII	16/2 8/2 4/2 15/2 1/2 15/2 8/3	76 126 655 122 65 120 1pm 26 310 612pm 36 512pm	99 .55 .55 .18pm 241g 285 .5pm 32 .81gpm	Bairstow Eves 5p.  Burgess Prods. Cariton Comms. Cariton Comms. Cariton Gomms. Cariton Gommus. Cariton Gommus. Cariton Gommus. Cariton Gommus. Cariton Gommus. Cariton Computer 10p. Cariton Communication Computer 10p. Cariton Communication Computer 10p. Cariton Communication Communication Communication Computer 10p. Cariton Communication Communica	126 650 122 85 114 4pm	+12 -2 -12 -12

Ranunciation date usually last day for dealing free of stamp duty. b Figures based on prospectum estimatus. d Dividend rate peld or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield, v Forecast dividend cover based on prospectus or other official estimates for 1985. If Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pance unless otherwise indicated. I sessed by tender. I official hadden of ordinary shares as a " rights." "" issued by tender. I official hadden of ordinary shares as a " rights." "" issued by way of capitalisation. §§ Relationation of the payable in the paya

## **OPTIONS**

Last Last For Deal- Declara- Settleings togs tion ment
Jan 21 Feb 1 April 25 May 7
Feb 4 Feb 15 May 9 May 20 Feb 18 March 1 May 30 June 10 For rate indications see end of Share Information Service
Money was given for the call
of Falcon Resources, LDH, Combined Technology, Commercial
Union, Acorn Computer, Charterhall, Cronite, Atlantic Resources,
British Telecom, Jaguar, Metal
Exploration, Mid East Minerals,
W. H. Smith A, LCP, Eglinton
Oil, Bryson, Lontho, Cosalt, Forward Technology, Cluff Oil,
Premier Consolidated, Amstrad,
IMI and LRC. No puts or double

# IMI and LRC. No puts or double options were reported. RISES AND FALLS

YESTERDA	_		_
British Funds	Rises 87	Falls 8	51
Corpns. Dom. &	8/	-	
Foreign Bonds	30	20	
Industrials	149	682	8
Financial & Props	82	210	2
Oils	16	43	
Plantations	3	8	
Mines	52	13	1
Others	31	129	
Totals	450	1,113	1,7
			_

## **ACTIVE STOCKS**

	ACTIVE	510	CKS	•
	Stock	No. of changes	Mon. close	Day's change
	BTR	23	854	-16
	Sainsbury (J.)	23 23	334	+16
me 9	Synapsa Comp.		205	
9	Thom EMI	. 20	435	-15
	Hanson Trust		217×d	-11
23 17 13 15	Britannia Arrow	18	109	- 6
17	DRG	18	171	- 7
3	ICI	18	825	— 3
	Shell Trans	. 18	707	-10
6	BAT Inds	. 17	360	_
13 10	BP	17	505	-12
0	Bnt Telecom	17	124	- 3
_	Ceble & Wire	17	514	-11
8	Falcon Res	17	322	+ 2

### **LONDON TRADED OPTIONS** Apr. Jly. Oct. Apr. Jly. Feb. May. Aug. Feb. May. Aug. Oct

8.P. (*498;	390 420 460 500 560	117 87 50 26	60 37	67 47	11 <sub>2</sub> 3 11 97 66	17 87 78	20 45 80	Imperial Gp. (*192)	160 180 200 220	36 15 5 21 <sub>9</sub>	36 21 14 7	40 24 20 11	1 4 13 29	3 9 19 33	14 23 36
Cons. Gold (*484)		47 26 8	60 37 19	70 45 86	12 33 80	20 48 90	26 58 96	(4328)	350 360	20	30 24	52 40 28	16 40	27 50	38 52
Courtauids (*135)	110	29	32		I le		· ==	Lorrho (*177)	160 180	18 61 <sub>2</sub>	41 23 10	43 24 13 kg	1 2 11	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	19
	130 140 160	15 9 4	16 11 6	15	6 12 25	15 27	17 29	P. & O. (*386)	30D 330 350 390 420	93 63 40 18	98 73 47 27 18	100 80 50 40 27	11 <sub>2</sub> 2 3 20 40	11 <sub>2</sub> 3 15 38 40	20 20 40 55
Com. Union (*194)	180 200 220	37 21 14 6	40 24 17 —	28 20	3 9 16 36	5 12 28 —	16 26	Racai (*204)	220 240 260 280	5 1 1 1 1 1	12 6 3	20 10 5	20 38 58 78	22 38 58 58	26 40 60 80
G.E.G. (*890)	160 180 200 220 240	46 28 14 6	22	28 15	2 3 12 26 42	14 28 42	18 32	R.T.Z. (*654) Vani Reefs	660 600 650	87 42 10	100 60 30 181 <sub>2</sub>	107 70 35	2 5 37	27 47	13 38 60 71 <sub>2</sub>
Grand Met. (*286)	280 300	20	28 22 12	35 28 17	25 25	14 33	20	(*\$79)	90 100	31g 034 034	Sig Sig	72 9 51g	434 12 22	91g 151g 241g	121g 181g 25
I.C.I. (*819)	650 700	180 130	184	=	2 2 2	58   <del>5</del>	   =	Ex.10% 1989 (*£92)	92 94 96 98	118 012 03 03	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	213 113 14 013	다. 13 13 13 13 13 13 13 13 13 13 13 13 13	138 216 4	1;3 2¼ 4;k 6;k
	750 800 850	80 42 20	50 52 36	70 45	12 27 67	18 35 74	45 80	Opti	20	Mar.	Jun.	Sept	Mar.	Jun.	Sept.
Land Sec. (*290)	260 280 300	37 19 11 3	25 17	31 82	6 18	10	12 84	BTR (*641)	650 700	30 11	40 20	50 23	30 67	40 78	47 80
Marks & Sp.	100	) 25 ) 16	, žo	· –	48   1 <u> </u> 2	45	<del>  -</del>	Beecham (*368)	350 360 390	45 25 9	50 53 14	45 18	2 8 33	14 38	18 43
	120 130	41g	13	16	31g 734 14	12 18	14 20	Bass (*492)	390 420 460 500	112 62 52 82	122 92 62 34	78 47	3 6 27	21 <sub>2</sub> 6 20 35	20 48
Shell Trans. (*703)	500 550 600	213 163 115	123	=	3 7	15	ΙΞ	De Beers	550 j	8 47	65	22 75 1	65	72 23	32
	700 750	72 37 14	80 42 20	87 55 28	16 31 65	40 70	27 47 77	(*\$4,15)	480 460 500	55 24 9	44 28 18	52 30 —	25 95 90	43 79 100	57 85
Traffgar Hae (*358)	280 300 330 360	84 64 45 19	68 48 25	50	226	5 10 20	=	GKN (*192)	160 180 200 220	56 19 9	48 25 14 6	31 20 10	2 6 14 29	9 17 32	11 20 37
	590	1 -8	13	18	16 37	46	43	Hanson (*212)	173 187 200 220	48 50 19 12	46 34 24 17	59 31 23	1 1 5 14	3 8 18	5 11 22
Option		Feb.	May	Aug.	Feb.	May	Aug.	Jaguar (*288)	240	69	71	10 BO 1	31	34   2	37
BAT Inds. (*355)	290 300 330 360	80 60 35 11	68 45 25	98 78 50 30	1 2 6 23	4 10 50	5 9 02 35		240 250 280 300	49 29 19 12	51 54 24 15	60 41 28 20	11 <u>2</u> 5 10 23	3 6 16 28	50 19 32
Barcloys (*607)	460 500 550 600 550	152 112 62 20	157 117 70 32	127 80 42	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	2 5 12 28	7 20 37	Tesco (*224)	200 220 240	47 29 13 5	53 35 20 8	27 10	2 4 10 21	3 5 12 26	16 22
Bt. Telecom	80 90	43 33	10 45 35	80 47 371g	17 45 01 <sub>2</sub>	60 DJg	112 112	FT-SE Index (*1249)	1175	165 160 107 87	160 135 117 100	===	2 4 8 15	8 12 22 26	
	100 110 120 130	23 14 71 <sub>2</sub> 3	26 181 <sub>2</sub> 15	281e 191e 15	01g 14g	31 <sub>2</sub> 9	5 412 10 1613	Jan. 29. Tota	1200 1250 1300	68 40 22	84 55 37	98 72 47	28 42 72		53 73 106
<u> </u>	140	i	8	61g	2012	8819	2412	van. 47. 1002		derlyin	5,807 9 °eau	rity pr	, 900.	Puts 5	,871

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William Branch

FOREIGN BONDS & RAILS
| Price | + or live % | Red. | Stack | - | Green | Year

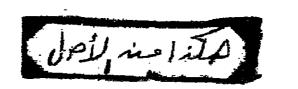
AMERICANS

Price + or Div Yill

| Stack | Stac

40% 257/Abbott Labs. 8 27% 213-Monstream IN.F.) 35% 223-Mona S1 39% 213-Monat S1 18% 13%-Monat S1 14%-731p Amedian S-477 25%-Monat S-477 25%-Monat S-36% 107-Monat Express S0.60

1964-25 High Low



ENGINEERING

39 12 Al Ind. Profs. 36 8--- 35 535 210 APV 50c 277 1129 23 6.8 7.3 167 1167 116 Advers Group 158 -2 6.7 22 6.1 10.6 46 22 Allen (W.6.) 224 4--- 21 12 523 Ass & Locy 418 27 8ctra (nort 5p 7t 201) 15 Advers 159 7t 201 12 10 0.9 Spct/CmRoPt 17 9% 7.6 -1 17 174 122 Batcock (att.) 156 -7 187.0 2.5 6.8 8.2

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132	Content int. 100	95	+61.74 2.8 1.1		
28	Exicure Hidgs	32	15.6	7.0	
28	Exicure Hidgs	32	15.6	7.0	
270	Grand Het. 50	288	-5	9.2	27.4
270	Grand Het. 50	288	-5	9.2	27.4
270	Grand Het. 50	288	-5	9.2	27.4
270	Grand Het. 50	288	-5	9.2	27.4
270	Grand Het. 50	288	-5	9.2	
271	Him Leispre 50	49	-1	0.2	40
174	Meanthy Broden Hib	28	-7	1.2	1.1
182	Laftroble 100	260	-7		
172	Line Park Hotelt	355	+3	47.38	0.3
150	Hiddroble 100	260	-7		
172	Line Park Hotelt	355	+3	47.38	0.3
50-jain Charlone 100	80	1.10	3.2	1.8	
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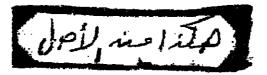
Financial Times Wednesday January 30 1985

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# Cocoa demand prospects cut forecast of surplus

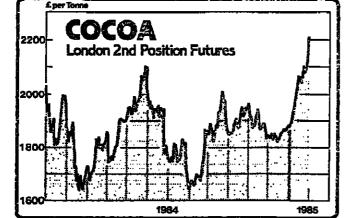
BY RICHARD MOONEY

GILL & DUFFUS, the influential London trade house, has reduced its estimate of the 1984-85 world cocoa production surplus, reflecting prospects of higher consumption than had been anticipated.
In its latest market report,

published today, it puts production in the season ending next October at 1,739,000 tonnes against consumption of 1.714.000. After allowing for loss of weight in processing, this implies a surplus of 8,000 tonnes, well below the 25,000 tonnes forecast in Gill & Duffus's December report.

Gill & Duffus attributes the reduced surplus estimate, chiefly to developments on the consumption side. A fail in European consumption is ex-pected but no parallel decline is foreseen for the Soviet Union or the U.S.

"We continue to believe that total consumption in 1985 may be little changed from 1984." the report says. "However, it is clear that consumption will be starting the year from a higher level than was pre-



viously realised."
On the London futures market yesterday cocoa prices continued their recent surge. The May position climbed to f2,220 — a 64-year high — at one point before being trimmed to end £28 up on balance at £2.209.50 a tonne.

prices were boosted by trade buying and the ensuing rise attracted chartist and general speculative interest. Concern about availability of nearby supplies continued to be

Producer selling this week at £2,209.50 a tonne.

After meeting heavy selling pressure in early dealings, traders said yesterday.

### Australia and **EEC** to fight Canadian New Zealand in ioint butter sale

By Dai Hayward in Wellington NEW ZEALAND and Australia have made a deal to sell 28,000 tonnes of butter to Algeria-the first joint sale by

the two countries.

When the closer economic relations agreement was signed three years ago, the dairy indus-tries in Australia and New Zealand agreed to work together to make sales where they were to their mutual advantage.

The sale was made to Enatal, the Aigerian government buy-ing agency. Australia and New Zealand each will supply half the 28,000 tonnes.

The New Zealand meat board and the Australian Meat and Livestock Corporation are holding talks in Wellington this week on the possibility of meat sales to other countries.

# ban on imports of beef

on a Canadian ban on Community beef imports, foreign ministers of the Ten were told

yesterday.

M Willy De Clercq, the Trade
Commissioner, said Canada's
case for a 2,700 tonne quota,
filled within the first fortnight of this month, looked "very feeble" under Gatt rules.

The quota was announced last month after warnings from To shore up the domestic pro-ducers, who have suffered to make progress posed an import quota of 66,500 table to make progress

THE EEC plans a vigirous tonnes for 1985, the bulk going assault under the General to traditional suppliers in Aus-Agreement on Tariffs and Trade tralia, New Zealand and the U.S. It justified the move under Gatt's Article 19 which allows protective action by a signatory country when imports surge un-

an important factor in the rise

The Community argues that imports constitute less than 10 per cent of the Canadian market and are not sufficient to warrant the move. However, there is also EEC anger over last month after warnings from Canada's decision to divide the Canada which has seen imports of low quality processing beef the basis of each exporter's from the Community leap from sales between 1979 and 1983. nothing five years ago to more As Community beef sales than 23,000 tonnes last year. leapt last year, this severely

# Five-year peak for London copper

Ey John Edwards, Commodities Editor

COPPER PRICES surged to the highest level, in sterling terms, for nearly five years on the London Metal Exchange yester-

The cash price for higher grade copper gained £35 to on markets has grown, they £1.367.5 a tonne; the three have reduced plantings by 10 months quotation closed £38 up per cent in the past few years, at £1.283.25 and moved further let unfashionable varieties die at £1.283,25 and moved further ahead to £1,290 in later trading. Out, established new ones and The rise, which started in

after-hours trading on Monday. March delivery position on Comes breaking through the important 62 cents a lo barrier. In early trading on Comex last night, March moved to 63.5 cents at one stage.

The jump took many traders by surprise, triggering off "covering" of previous sales. Rumours persist that further cuts in notput are planned by U.S. producers following the failure to agree an industry-wide deal with the unions to reduce wages and benefits.

@ ASSOCIATION of Tin Producing Countries will hold a ministerial session in London on March 18-22 in advance of an International Tin Council meeting on March 27-29, ton producer sources said. Producers will consider a proposed five-year research and development programme including ment programme, including plans to increase consumption, and review the Council's price support arrangements.

■ RUBBER producing countries

will meet in March for final talks on the negotiation of a new International Natural Rubber Agreement to take effect in April. The meeting in Phuket, Thailand, will be attended by representatives from Malaysia. Indonesia, Thailand and Sri Lanka, which produce about 90 per cent of the world's rubber. O CEREALS stock in UK intervention stores at the weekend totalled a record 3,224,829 tonnes, up from the previous week's 3,069,461 tonnes, the Home Grown Cereals Authority said. At this time last year stocks were 787,936 tonnes.

# Squeezing more from citrus

in the middle of its export season, has not been happy with returns over the past five years, during which they have fallen by about 25 per cent.

This was due partly to the country's spectacular brand of inflation, aggravated by a weakening of currencies in its major European markets against the U.S. dollar, on which the country's trans-actions are based.

The citrus producers have not been unresponsive. As pressure put the land to other use.

One of the industry's constraints is the efficiency with was fuelled by a strong upward straints is the efficiency with trend in New York with the which water, the country's most vital resource (after people) is used. In rationalis-ing citrus culture, Israel has improved its methods of Irriga-tion as well as cultivation, pruning and the use of fertili-sers. Thus the reduction of acreage has not lowered yields correspondingly.

Logistics have also received attention, with the adoption of a carton measuring 30 by 30 by 40 centimetres that enables pallets to be stacked more compactly and economically, and changes to sea routes. The route changes, with the charterfrom the passage of fruit from far richer in vitamins than that source to destination. Israel in cans or cartons. Nevertheless, came late to palletisation but juice already prepared is conlast year shipped 85 per cent siderably better than none at

The development of new Valencia and Shamouti varieties such as Mineola, oranges, in which Israel

BY CANUTE JAMES IN KINGSTON

sion and the African, Caribbean

and Pacific (ACP) group over

the allocation of 25,000 tonnes

which the commission has cut

from the Trinidad and Tobaco quota under the sugar protocol

tonnes to three African coun-

tries, which were not named.

DISPUTE has started The

between the European Commis- disagreed.

of the Lome Convention.

Caribbean sugar industry not object, then some re-allocate of the commission tion can be made. But if they wants to re-allocate the 25,000 do object and say they can

A correspondent describes Israel's fighting response to pressures on

Pomelo, Temple, Topaz and Tangier is also helping sales. These are not confined to Europe but extend to Japan, the U.S., Canada, Singapore, Australia and South Africa. though the Citrus Marketing Board of Israel, through which by law all exports must pass, regards such markets as "unnatural" because they are so distant. It would prefer to sell

its fruit exports

all its fruit nearer home. While the dollar's strength has contributed to Israel's citrus problems, the U.S. unintentionally is helping to alleviate them. Frosts in the past two years destroyed much of Florida's citrus crop, causing Israel and other producers by making the processing of juice profitable instead of a mere act scavenging; there are hopes that the effects of the develop-

temporary.

Consumption of juice worldwide has been encouraged by the growth of concern for health and diet but it is known. ingof high-speed refrigerated and beig increasingly preached, Swedish ships, have cut days from the passage of fruit from far richer in vitamins than that

Row over re-allocation of sugar quota

regional producers want to take up the shortfall," said Mr Kamaludin Mohammed, Trini-

dad's Minister of Agriculture.

supply, then they should have it."

ACP countries have

The ACP countries have disagreed.

"As far as I know, where such a thing happens, an effort is made first to ascertain whether regional producers want to take up the shortfall," said Mr three consecutive years to

specialises, are good for juice, as is grapefruit, of which Israel is probably the world's largest exporter. This year it expects to sell abroad about 9m boxes of grapefruit.

Israel's citrus growers, who Israel's citrus growers, who this season will produce about 1.3m tonnes, have, with U.S. juice stocks markedly down, been given an alternative to the fresh fruit market at prices up to double those of the past few years. Instead of resorting to manufacturing for only the harvest's culls, growers have been able to choose between the fresh market and processing with higher returns from

This year a substantially larger proportion of good fruit, as distinct from culls, is being processed and prices for the crop as a whole, helped by the damage from the freeze to the Spanish crop, are expected to be at least 10 to 12 per cent higher when the season ends

Another possibility for boost-ing sales is to get citrus into pubs for instant squeezing. Ten years ago, Israel's Jaffa joined with Outspan, its South African counterpart, to push sales but, as someone involved recalled,

as someone involved recalled,
"although the operation was a
success, the patient died."
By that he meant that
customers stocking the citrus
did not know what to do with
the skins and let the exercise
lapse. The problem of skins has
now been overcome by a U.S.
device which devours them like
a waste-disposal unit. With the
health factor favouring juice health factor favouring juice consumption even more than a decade ago, another attempt may soon be made to put oranges back on optic.

The ministerial subcommittee

High Low 84.89 84.56 68.02 65.78 67.00 68.77 67.25 67.15 67.42 67.22

69,50 70,00

MERCURY: European free market, min 99.90 per cent. 3 per fissk, in warchouse: 296.306. MOLYRDENUM: European free market, drummed molybdic oxide, \$ per lb Mo. in ware-house: 3.20-3.50.

supply it.

India may resume exporting sugar in 1985 because of a sharp market, min 98 per cent V.O., other sources, \$ per lb V.O., cif: 2.30-2.35. URANIUM: Nuexco exchange value, \$ per lb V<sub>2</sub>O<sub>4</sub>: 15.25.

## LONDON MARKETS

RUMOURS that the Brazilian Coffee Institute was planning to auction some of its stockpile pushed prices sharply lower on the London coffee future market yesterday. The March position ended the day £39 down at £2,368.5, wiping out last week's advance

Lack of buying on the sugar market, coupled with the announcement that the Dominican Republic will be holding a selling tender for 20,000 tons today, led to a downturn in futures values two or three dollars a tonne lower.

Sugar's decline was also influenced by news that India may resume exporting this year following an increase in domestic production.

COPPER Official - Unofficial -t

High Grde £ £ £

Cash ...... 1278-5 |+26,5 1267-8

## **COPPER**

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Cathodes	1	I —	_	I —
Cash	1260-3	+28.2	1255-6	+81.
a months	1244-6	+52	12345	+69.
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		-	ading rep	
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months E	1 297 8	8. Š7.	86.5. 87	. 86
Afternoon:				
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84.5. 84. 8				
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£1,284, 83				
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64-68 cent	2 a DOU	nd.		_
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## TIN

TIN	a.m. Official	+ or -	p.m. Unofficial	+ 07
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Tin—Mo three mont Cash £9,8 £9,825, 30 £9,800, 79 months £1	rning: St the £9,830 00, 5, Afterni 5, 90, 81 3,835, 30 inthe £9 1,810, 15,	), 25, Kerts: con: 5, 80, , 20, ,850,	Three mo Standard: , 75, 70, High G Kerb:	rade: onthe Cash three rade: Three

## LEAD

LEAD	a.m. Official	+ 01	p.m. Unofficial	+
5 months. Settlem't Lead—M 95, three months £3	849,6-50 396 Morning: months 1 350, 49.5, e months 26,700	Cash Cash 5349, 50, 4 5 €345	£400, 397 50. Kerb: Afternoon: 9, 50, 49.5	Thre

## ZINC

ZING	ą,m, Official	+ er	p.m. Unofficial	į∓,   —
Gash ō months Settlem 't	£ 746 7 742,5-3 747	£ +5.5 +1.25 +3	£ 742,5-3.5 7415	+4.

prices: Cash am 1795-805, pm 1785-788. Three months am 1783-784, pm 1780-785. Settlement 805. Morning: Three months 1745, 44, 44.5, 44, 43. High Grade: Three months 1743. Afternoon: Three months 1740.5, 41. Turnover: 7,500 tonnes. U.S. Prime Western: 43-43.75 cents a pound.

MAIN PRICE CHA	ANGE	5 otherwise stated	
Jan. 29 + or 1985 —	Month ago	Jan. 29 + c. 1985 —	r Month
METALS		OILS	
		Goconut (Phili S840y Palm Malayan \$580z	\$950 \$585
Copper		Seeds	
Cash h Grade_£1267.5 +35 3 mths£1283,26;+38		Copra Phil \$520v —2 Soyabean (U.S.) \$251.5z —	
Gold troy oz\$309,75-4,75	\$ \$309	GRAINS	
Lead Cash£386 —3.5 3 mths£348,25 —0.5	£326,6	Barley Fut. May £116,65 —0. Malze £147,00z	:
	16/245c	Wheat Fut.May £115,75 —0. No2 Hard Wint. 1	36 ‡
Palladium oz,\$125,75 + 3,5	\$128,00	OTHERS	
Platinum oz\$273,50 +5,5		Cocoa Ft. May. £2209.5 ÷2 Coffee Ft. Mar. £2368.5 —3	
Quicksifvert\$295;306 Silver troy oz558,05p + 23,85 3 mths576,45p + 24,25	\$300;810 642,55p	Cotton Aindex. 70,20c —0,2 Gas Oil Feb. \$224 + 4,5 Rubber (kilo) 64p	. \$215,875 63p
Tin cash£9772,566,5 5 mths£9802,525		Sugar (raw) £118.5yw +2 Woolt'ps 64s 514p kilo	. 494p kilo
Tungsten\$83,85	83,61		

# **ALUMINIUM**

	Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or -+
í	Spot a months	£ 991-8 1024.5-5	£ +14 +15,5		£ +14.5 +15
	£1,025, 25 26, 24, 25 £1,025, 22 manthy £ 20, 21.	5.5, 25, 2 5, 24.5, 2, 23, 25, 1,021, 20, Kerb: Th	8, 27 Kerb: Al 19, ree I	Three mode, 26, 27, Three mode itemcon: 18, 19, 20, months £1 urnover: 26	28.5, inths hree 19, .023.

## NICKEL

NICKEL	£ a.m. Official	£  + or  -	p.m. unofficial	+ c
Spot	4715-7	+15	4710-2	+36
3 months	4685 90	+31	4677-80	

Nickel-Morning: Cash £1,715, three months £4,670, 75, 80, 85, Kerb: Three months £4,680, 75, 80, Aftermoon: Cash £4,710, 12, three months £4,685, 80, 85, 90, 95, 90, 87, 85, 80, 75, 77, Kerb: Three months £4,680, Turnover: 2,588

Gold rose \$4% to \$30212-303 on the London bullion market yesterday. It opened at \$3014-3024, and was fixed at \$30312 in the morning and \$30314 in the attenuon. The metal touched a peak of \$30312-3044, and a low of \$30112-302.

5 per troy ounce 303.80 Tumover: 339 (63) lots of 100 troy

GOLD BULLION (fine ounce) Jan. 28 GOLD AND PLATINUM COINS

e Mkt\$1165/1185 +20 \$1085/1125	Paim Malayan \$580z \$56
pper	Seeds
mths£1283,25 + 38 £1139	Copra Phil \$520v —20 : Soyabean (U.S.) \$251,5z —1,5 :
d troy oz\$309,75-4,75 \$309	GRAINS
ad Cash£386 -3.5 £340.5 mths£348.25 -0.5 £326.8 kel£5916 £596? te Mkt£37.257c +1 21b/245c	Barley Fut. May £116.65 —0.65 Malze £147.002 Wheat Fut. May £115.76 —0.36 No2 Hard Wint. 1
ladium oz\$125,75 + 3,5 \$128,00	OTHERS
tinum oz\$273.50 +5.6 \$291.00 cksilver:\$295:306\$300:310 er troy oz588.05p+25.85 642.55p mths\$676.45p+24.25 654.50p cash\$9972.5 66.5 £9965.5 mths\$9802.5 -25 £9965.5	Cocoa Ft. May. £9209.5 ÷28 £1872. Coffee Ft. Mar. £2366.5 - 39 £2236 Cotton Alndex. 70.20c - 9.2
19sten \$3.85 \$83.61 17ram 2 04lb 866,70 \$74,76 c \$743 + 4 \$682.5 17ths \$741,25 + 4,75 \$2676.5 roducers \$900 \$900	‡ Unquoted, z Feb, w Mar. u Feb-Ma y Jan-Feb, v Mar-April. † Per 75-I flask, a Nominal. c Cents per pound

# £682.5 y Jan-Feb. v Mar-April. † Per 75-lb £675.5 flask, a Nominal. c Cents per pound.

## SILVER

min'm	a.m. Official	+ or	p.m. Unofficial	+ or —†	Silver to higher for builton ma equivalent	erket at S	very 58.09	on the
t ionths	£ 991-8 1024.5-5	£ +14 +15,6	£ 986-8 1020-1	£ + 14.5 + 15	spot 623. 636c, up 30.1c; and	9c, up : 29.40c; si	29.35c x-moi h 68	; three nth 649. 1.15c, u
Jumini	um—Morn	ing:	Three me	onths	(619-825c)	•	_	
25, 29 24, 21 25, 2	5.5, 25, 2 5, 24.6. 2, 23, 25.	8, 27 Kerb: Al	7, 26, 27, Three mo temcon: 1 16, 19, 20	28.5, onths Three	SILVER per troy	Buillon fixing price	+ or	L.M.E. p.m. Unoffic

NICKEL	a.m. Official	+ or	p.m. unofficial	+ oz
Spot 3 months	4715-7 4685 90	+15 +31	4710-2 4677-80	+36 +31
Blickel	Manian	Cash	. C4 745	

LONDON FUTURES

Yest'days | + or Business | close | — | Done 808.40-.09.70 + 4,65(307,50-05,60

Close \$302½ 303 (£271.271½) Opening \$301¾,303¼ (£270¾.271¼) Mnil'g fix, \$303.50 Aft'n'nflx, \$303.25 (£271,365)

•	equivalent spot 623. 636c, up 30.1c; and The mai (619-825c)	s of the 9c, up : 29.40c; si 1 12-mant tal oper	กันเกต 29.35c x-เกต th 68	levels; three-noth 649.9 1.15c, up	wer non s, u
	SILVER per troy	Buillon fixing price	+ or	L.M.E. p.m. Unoffic'	+    - 

LME—(2,000 sz contract): Cash 556.5p (545.5p): three months 576.5p (563.7p). Turnover: 0 (0). Turnover: 47 (71) lots of 10,000 cz.

# COCOA

£ per tonne | 3191-2194 | +20.0 | 2200-2150 | 2200-2510 | +28.0 | 2201 | 2165 | 2200 | 2205 | 165 | 2200 | 2205 | 165 | 2200 | 2205 | 167 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 |

ICCO Indicator prices (U.S. cents per pound). Deily price for January 29: 106.25 (104.73); five-day average for January 30: 103.05 (102.17).

Light trade solling in quiet conditions produced a weaker opening, reports Drevel Burnham Lambert. Steadler sterling structed further solling and dealer prossure extended the losses. COFFEE | Yesterd'ys + or | Business | Done

Sales: 3,293 (2,628) lots of 5 tonnes. 1CO indicator prices (U.S. cents per pound) for January 28: Comp. daily 1973 137.49 (137.99) 15-day average 135.79 (135.52)

### INDICES FINANCIAL TIMES

Jan. 28 Jan. 24 M'th ago Yearago 299.61 298.88 289.61 295.50

REUTERS Jan. 29 Jan. 28 M'th ago, Year ago 2035.9 2019.0 1904.2 1993,0

MOODY'S 965.9 966.4 - 140.42

Base: September 18 1931 = 100)

(Base: December 31 1931 - 100) DOW JONES

Dow Dec. Dec. Month Year Jones 27 19 ago ago Spot 121.99 123.83 - 140.42 Fut. 124.33:123.68 - 145.53 (Base: December 31 1974 - 100)

## GRAINS

Old crop wheat came under pressure
as export markets failed to show
interest and physical demand remained
thin. Barley fell on long liquidation
and levk of physical demand. New
crops also eased on hedge selling in quiet trading, reports Murrpace.

WHEA	T	B/	VRLE?	
Moth	Yesterd'y: close	+ or	Yesterd': close	s;+ <u>°</u>
Mar May July Sept Nov	111.50 115.75 118.05 97.60 100,85	-0.15 -0.30	115.65	-1. -0. -0.

Business done—Wheat: Merch 112.001.40, May 116.10-6.95, July 118.20-8.00, Sept 97.90-7.55, Nov 101.00-0.85, Sales: 449 lots of 100 tonnes. Barley: March 113.40-2.90, May 116.15-5.80, Sept 98.25 only, Nov 101.10 only. Seles: 123 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: Feb 177.80, March 178.55, April/May 165.55 seller, transshipment East Coast. U.S. No. 2 Soft Red Winter: Feb 162.25, March 163, April 162.50. English feed, fob: April/June 117 peid East Coast. Maize: U.S. No. 3 Yellow/French: Feb 147. March 148.50 transshipment East Coast. Barley: English feed, fob: Jan 116.50, Feb 117.50, March 119. April/June 120 sellers East Coast. Rest unquoted.

June 120 sellers test Coast. Heat unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 112.30. W. Mids 111 60. N. West 108.30. The UK monetury coefficient for the week beginning Monday February 4 (besed on HGCA calculations using five days' exchange rates) is expected to change to 1.049.

## **PIGMEAT**

Prices opened lower, in line with physicals, which caused further sell-ing pressure and values closed on the lows, reports CCST Commodities. p. per kilo (deadweight)

**POTATOES** 

Desprte easier indications from the physical market, lutures remained quietly stoady, with short-tovening interest holding levels in a nerrow range, reports Coley and Harper. £ per tonne 45,80 | 45,30 | 54,30 | 54,20 | 56,70 | 57,10 | 57,10 | 70,50 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70,10 | 70

Sales: 126 (371) lets of 40 tennes.

SPOT PRICES

In moderate trading forward Brent firmed about 20c. Trading in Arab Guil crude was minimal. Nymex opened firm and traded lairly strongly all morning to stand at 14-15c up at 1 pm EST. Petroleum products were stable. Scarcity of pumped oil continued to sustain gas oil prices despite uncertainty about Opec's policy. Heavy fuel continued stable although demand for prompt material softened—Petroleum Argus, London.

PRODUCTS-North West Europe
"cif" (5 per tonne 

## March; rest February. Petroleum Argus Estimates **GAS OIL FUTURES**

Month	Act.ore	+ ar	Done
Jan	208.25 208.50 208.00	+4.00 +4.50 +3.00 +2.75 +2.75 +5.25 +5.00	250,00 224,00-20,00 216,00 12.25 216,00 15.25 209,00-05,50 208,50-05,50 208,00-05,25

## RUBBER

GAS OIL FUTURES

opened unchenged, attracted little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): Spot 64.00p (same); March 75.50p (same); April 75.00p (same). The Kuela Lumpur Feb fob price for RSS No 1 182.0 (183.0) and for SMR 20 was 180.5 (same).

# SOYABEAN MEAL

during the	and prices afternoon.	ease	d slightly
	Yesterday close	+ or	Business Done
Feb	160.0 150.8 148.1 148.5 148.8 148.2 162.0 152.9 154.5 156.6	-1.60 -1.30 -1.00 -0.69 -0.25	152.0-151.0 149.5-148.3 150.0-148.0 153.5 156.0

### Sales: 190 (149) lors of 20 tonnes. SUGAR

LONDON DAILY PRICE—Raw sugar \$118.50 (£105.00), up \$2.00 (up £1.50) a tonne for Jan-Fob-Mar delivery. White sugar \$147.50, down \$2.00. With ne confirmation that recent buying activity had been for end-users, prices began to retrest from the higher levels, reports C. Czarnikow.

S per tonne 

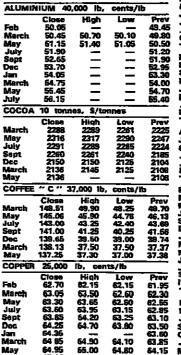
Sales: 2.719 (3.742) lots of 50 tonnes. Sales: 2.719 (3.742) lots of 50 tonnes. Tate and Lyla delivery price for granulated basis sugar was £215.50 (£212.50) a tonne for expert.

...Inter oltaninas 3mfw miwyapapapp international Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for January 28: Daily price 3.89 (3.75); 15-day average 3.66 (3.50).

# U.S. MARKETS

Heating oil prices rallied sharply on expectations of soe compromise coming from the Opec eeting, reports Heinold Comodities. Soyabeans came under pressure just ahead of the close and finished oderately lower. Early strength was generated by strong soyabean oil prices which reflected rumours of Soviet purchases of U.S. oil. Wheat prices rallied on good comercial demand and on short-covering as a result of low deliverable supplies in Chicago and Toledo. Haize prices were narrowly mixed as local selling was effectively countered by commercial buyunder pressure late in the session reflecting dollar strength along with the emergence of good dealer offers following Monday's recovery. Copper and aluminin continued to be firm reflecting the generally bullish tone and continued drawdown in copper stocks. Sugar was weak reflecting reports that it

is likely India will be exporting sugar due to ore favour-able crop prospects. NEW YORK



CRUDE OIL (LIGHT 42,000 U.S. gallons, S/barrels 24.65 24.65 24.75 24.62 GOLD 100 troy oz, \$/troy ez 335.4



335.4 HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons Mar May July Aug Sept Nov Jab Mar Mar ORANGE JUICE 15,000 fb, cents/fb Close 178.30 179.20 177.30 176.70 176.20 176.20 Hlus 79.00 79.85 77.00 76.20 76.25 76.25 76.25 March May Sept Nov Jan March Close 140.0 146.3 161.2 154.8 157.2 159.5 164.3 PLATINUM 50 troy oz, S/troy oz Close 274.3 278.9 284.1 290.0 High 278.0 282.0 286.0 290.5 Low 273.5 279.0 284.0 290.5 Prev 276.0 280.2 285.1 290.9 SILVER 5,000 troy oz. cents/troy oz Chose 27,23 26,62 24,07 25,65 26,32 24,40 24,65 Close 615.5 619.5 627.9 636.9 646.8 662.3 667.6 678.4 690.0 701.7 High 621.0 637.5 646.0 654.9 661.5 677.3 LOW 621.0 613.0 622.0 630.0 641.0 656.0 714.5 714.5 SUGAR WORLD " 1 " 112,00 tb, cents/

# OTHER MARKETS

## ROTTERDAM

WHEAT—(U.S. \$ per tonne) U.S. No.
2 Soft Red Winter: Feb 164.50, March
164.50, April 163. U.S. No. 2 Northern
Spring, 14 per cent protein: \$pot 183,
Jan 20/Feb 15 183, Feb 183, March
183 50, April/May 168, June 170. U.S.
Northern Spring, 15 per cent protein:
Spot 195, April/May 184, U.S. No. 3
Hard Amber Durum: April/May 184,
June 184, Spot 182, Canadium No. 1
Wostern Amber Durum: April/May
193.50, Sept 192.

## COTTON

LIVERPOOL—Spot and shipment soles amounted it 518 tonnos. Business was renewed and extensive purchases ranged over numerous qualities. Users contemplated keeping supplies on a regular basis, and domand broadened in African and Middle Eastern styles.

## **HIDES**

HIDES—Simingham. Second clears.
Ox: 36 kg and over 94.5p a kg: 31-35.5 kg 104.0p a kg: 28-30 5 kg 114.7p a kg: 22-25.5 kg 136p a kg: 21.5 kg and under 139.0p a kg. Cow: 26 kg and over 120 1p a kg: 25.5 kg and under 135.1p a kg. Bull: 74.5p a kg.

SMITHFIELD—Ponce per pound: Beet; Scattsh killed sides 77.0 to 84.0; English hindquarters 85.5 to 80.0, Yeat; Dutch hinds and ends 123.5 to 122.5, Lamb: English small 86.0 to 76.0, medium 64.0 to 72.0, heavy 60.0 to 64.0; Imported: Now Zealand PI, (new season) 69.5 to 70.5, PI, (old season) 67.5 to 68.5, PX (old season) 65.5 to 68.5, PX (old season) 65.5 to 68.5, 120-120|b 63.0 to 58.5, 120-160|b 43.0 to 51.0.

# MEAT COMMISSION - AVENUE TEL stock prices at representative markets. G8—Cattle 95 ten per kg tw [-1,85]. G8—Sheep 160,24g per kg est dow (4-39). G8—Pigs 77,12p per kg tw -2,211

WOOL FUTURES SYDNEY GREASY WOOL—Crose (M. chiler buyer, select, business). Auguste in the cents per to their select select contraded May 554.0, 566.0, universelect July 604.0, 604.0, 504.8:

dellan lied

MOLYBDENUM has been the star performer on the strategic metals markets during the past week. According to Betal Builetin the European free market price jumped from a low of \$2.75 to a high of \$3.40 in a few week. iew weeks. The current price range is put at \$3.20 to \$3.50 a pound of drummed molebdic oxide compared with \$2.85/95 a week ago. pared with \$2.85/95 a week ago.
The rise is attributed to producers holding back from selling when merchanix are "short" of supplies with stocks at low levels. Merchanis have been forced to offer higher prices to obtain supplies.

Sharp price

molybdenum

rise in

market

Also, the recent announcement by Anaconda that it was closing its Tonopah plant reinforced fears that more production cuts were planned by producers, who have suffered badly from the depressed prices in recent years.

badly from the depressed praces in recent years.

The following strategic metals prices were supplied by Metal Bulletin yesterday:

ANTIMONY: European free market, 99.6 per cent. 5 per tonne, in warchouse: 2,800-2,900.

BISMUTH: European free market, min 98.99 per cent, 2 per 1b, tonne lots in warchouse: 6,35-6,50.

CADMIUM: European free CADMIUM: European free

market, min 99.95 per cent, 3 per lb, in warehouse, ingots: 1.08-1.12, sticks 1.17-1.21. COBALT: European free market, 99.5 per cent, 5 per lb, in warehouse: 11.40-11.50.

SELENTUM: European free market, min 99.5 per cent, \$ per lb, in warehouse: 8.60-9.20. TUNGSTEN ORE: European free market, standard min 65 per cent, 3 per conne unit WO, eif: 67-72. VANADIUM: European free

improvement in domestic production, said Mr P. G. Luther, chairman of the State Trading Corporation (STC), reports Reuter from New Delhi.

CHICAGO

LIVE CATTLE 40,000 lbs - Cents/iba

- 2

LIVE HOGS 30,000 lbs - Cents/fbs

24.62 Dec 49.15 49.20 48.15 49.15 24.62 April 46.95 46.95 46.95 46.95 24.62 MAIZE 5,000 bu min — cents/56 fb-bushel

PORK BELLIES 38,000 the - Cents/ibs

High 72.90 73.25 74.80 75.17 72.80 66.80 86.32

High 608.4 620.4 629.6 630.0 630.0 620.0 831.4 645.4 | Free | Sept | High 142.7 148.5 154.2 155.5 168.4 180.5 768.0

SOYABEAN Oil 60,000 the - cente/fog Close Figh
May 25.02 27.00
May 26.02 27.05
July 26.07 25.45
Aug 25.65 28.00
Sept 25.32 25.80
Oct 24.40 24.40
Det 24.05 34.25
WHEAT 5.000 be interbushel

Mar 349.0 369.2 365.0 364.4 369.0 369.2 369.0 369.2 369.0 369.2 369.0 369.5 July 257.2 369.0 351.2 322.0 355.0 364.4 322.2 369.0 369

**PARIS** 

SUGAR — (FFr pet toning): March 1301-1395, May 1431-1432, Aug 1512-1517, Oct 1575-1580, Dec 1895-1873.

March 1775-1790,

COCOA--(FFr per 100 kg): string 2320-2323, May 2330-3335, July 2370, bid, Sept 2300-2336, Oer 2320 kmt.

March 2320 bid, May 2320-bid.

# CURRENCIES, MONEY and CAPITAL MARKETS

currency,

8.30 am ..... 9.00 am ..... 10.00 am .....

(Bank of England)

70.6

SwFr 2.6620; and Y254.30 from

FOREIGN EXCHANGES :

rice in

mai pd.

market

Pound fails to convince

Sterling showed a slight improvement on the foreign exchanges yesterday, but dealers continued to gnd the pound's performance unconvincing and were left wondering at the wisdom of the recent very large rise in London interest rates without any strong accompanying intervention to support the speculative run against the currency. Oil remained the overwhelming factor governing sterling's fortunes, with all attention focused on the meeting of

whelming factor governing sterling's fortunes, with all attention focused on the meeting of ministers from the Organisation of Petroleum Exporting Coudtries in Geneva.

Against this background, and fears of a possible cut in the Arabian light marker price from \$29 a barrel, sterling opened shakily, but then held steady and after a modest rally, finished little different from opening levels. The exchange rate index began 0.1 higher at 70.6, but after touching a peak of 70.8 at 11.00 am retreated to 70.7 at 11.00 am, and closed at 70.8, a rise of 0.3 on the day.

Sterling gained 35 points to close at \$1.140-1.1150, after beginning the day at about the same level. The pound touched a peak of \$1.1205, and there were suggestions in the market of possible Bank of England inter-

vention when sterling broke through \$1.12, but the pound eventually slipped back and shortly after London closed touched \$1.11 in New York. Sterling performed better against other currencies, rising to DM 3.5425 from DM 3.5175; FFT 10.82 from FFT 10.7625; SwFr 2.9725 from SwFr 2.9575; and Y263.75 from Y262.50. The dollar was quiet for most of the day, as attention remained axed on the pound, but the U.S. currency gained renewed support in late European trading. Demand for the dollar was believed to originate from the futures market in Chicago, The dollar rose to DM 3.1670 from DM 3.1670; FFT 9.7025 from FFT 9.68; SwFr 2.6660 from

DMARK — Trading range against the dollar in 1984-85 is 3.1935 to 2.5535. December average 3.1021. Trade-weighted index 120.4 against 1240 six months ago. from 146.3. index 120.4 against 1240 six meanths ago.

The D-mark was slightly firmer against the dollar at the Frankfurt fixing. The German Bundesbank sold \$12.5m when the dollar was fixed at DM 3.1640 compared with DM 3.1688 on Monday when there was no intervention. There was no sign of dollar sales by the central bank on the open market, despite an improvement by the U.S.

EMS EUROPEAN CURRENCY UNIT RATES ±1.5428 ±1.6421 ±1.1483 ±1.3659 ±1.5765 ±1.6671 ±4.0511 -2.89 -0.95 -1.25 -0.61 -1.67 -2.39 -1.09 -1.84 +0.09 -0.21 +0.43 -0.53 -2.09 -0.05

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times, DOLLAR SPOT-FORWARD AGAINST DOLLAR POUND SPOT-FORWARD AGAINST POUND

p.a. UK†
4.77 lreland†
3.58 Canada
7.44 Nethind.
3.19 Balgium
2.39 Denmark
0.93 W. Ger.
7.27 Portugal
1.22 (taly
1.56 Norwsy
1.29 France
2.59 Sweden
0.09 Japan
4.86 Austria p.a. months

5.28 1.38-1.25pm

4.06 1.48-1.25pm

7.69 74-71-pm

2.05 62-61-pm

- 0.47 0.09-0.44dis

7.83 67-61-pm

- 17.11 440-1230ds

2.00 75-45-pm

- 15.24 421-pm

3.26 71-61-pm

- 5-pm-11-dis

7.38 4-21-pm

7.52 481-411-pm

8.07 57-51-pm -0.09 6.88

1.1125-1.1206 1.1140-1.1150 0.51-0.47c pm 0.500-0.9500 0.9500-0.9500 0.51-0.47c pm 1.3254-1.3269 1.2564-1.3269 0.14-0.17c dis 0.52-0.47c pm 0.52-0.47c pm 1.3254-1.3269 1.2564-1.3269 0.14-0.17c dis 0.54-0.43.65 0.54-0.550 0.57-0.64c pm 0.52-0.56c pm 1.213c dis 1.256-1.1327 1.1327-11.327 2.30-2.80rd dis 1.256-1.773.30 172.60-173.30 172.60-173.30 172.60-173.30 175.00-175.38 175-0.175.30 175-0.17 P.s. months
5.28 1.38-1.28pm
6.04 1.48-1.38pm
-1.40 0.35-0.40ds
2.20 2.07-2.04pm
-2.37 34-38dis
-2.71 6y-7ydis
2.33 1.95-1.90pm
-24.28 650-1400ds
-3.56 170-190dis
-5.99 30-31dis
-3.40 7.99-8.40ds
-1.86 5.00-5.30ds
-5.30 11-114ds
2.03 1.35-1.30pm
1.69 92-7ypm
2.03 2.00-1.34pm † UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.55-63.65. **CURRENCY MOVEMENTS CURRENCY RATES** 

One month

Beiglan rate is for conventible francs. Financial franc 70.85-70.95. Six-month forward dollar 2.25-2.15c pm. 12-month 3.20-3.00c pm. OTHER CURRENCIES Note Rates 24.70.25.00 70.70.71.50 12.55.12.57 10.76.10.90 3.52.5.56 2.50.2190 282.286 3.98.4.02 10.19-10.29 189.203 1914.801 10.06.10.15 2.96-2.99 1.11-1.13 270.305

Bank of Morgan England Guaranty Index Change% -19.9 +32.3 -3.2 +3.8 -9.9 -4.5 +5.2 +7.7 +3.0 -16.1 -13.7 +10.6 70.8 146.2 90.7 110.3 88.9 76.7 120.4 136.6 110.0 63.7 46.8 154.4

1980-1982=100, Bank of Engli (base average 1975=100),

appear to supply enough help on the day, giving assistance of only £97m.

Before lunch the Bank of England gave help of £43m by buying bills outright, through £21m bank bills in band 2 (15-

33 days maturity) at 133 per cent, and £22m bank bills in band 3 (34-63 days) at 133 per

cent.
In the afternoon another £44m bills were purchased outright

1234-1534 51<u>2</u>-538

512.512

534.58 518 6

6-61g

534

81s 85s 814 81s 815 815 816 816

8년-9년

6,21825 6,26125

6,34576

Treasury (Buy)

Discount Houses Deposit and Bill Rates

Paris

10% 10% 10% 10% 10% 10% 10% 10%-10%

5,50-5,55 5,70-5-85 5,80-5,95 6,85 6,00 5,95-6,15 5,5

0,627834 0,701793 0,930926 15,5938 44,4094 7,92594 2,51056 6,75844 1369,90 178,890 6,45403 1,56480 90,7356 9.66 412 21.6651 71 61.7102 71 11.0071 41 3.08536 8 3.48945 919 9.4322 1512 818 5 347.67 8 8.93790 1 170.869 9 2.59186 2.59186 2012 126.28 CS/SDR rate for Jan 28: 1.29139.

in band 2 at 134 per cent, and the authorities also provided late assistance of around £10m. Bills maturing in official hands,

repayment of late assistance and a take-up of Treasury bills dreained £319m, with bank balances below target absorbing another £15m. These were partly offset by Exchequer transactions adding £85m to libuidity and a

adding £65m to likuidity and a fall in the note circulation of £50m.

155<sub>6</sub>-15 8.96 145<sub>6</sub>-147<sub>6</sub> 157<sub>8</sub>-151<sub>4</sub> 107<sub>8</sub>-101<sub>5</sub> 151<sub>4</sub>-151<sub>4</sub> 151<sub>4</sub>-161<sub>8</sub> 10-101<sub>5</sub> 151<sub>4</sub>-151<sub>4</sub> 101<sub>6</sub>-107<sub>8</sub> 144<sub>6</sub>-147<sub>8</sub>

Eligible Eligible Bank Bank (Buy) (Seli)

Fine Trade (Buy)

## **EXCHANGE CROSS RATES**

Jan. 29	Pound Stirling	U.S. Dollar	Deutache m'	t J'panesa Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Line	Canada Dollar	Belgian Frank
Pound Sterling U.S. Polisr	0.867	1,115	8,543 3,176	293,6 254,3	10.82 9,703	2,973 2,666	4,000 3,588	2178. 1953,	1,479 1,327	70.75 63,45
Deutschem rk	0.282	0.315	12.48	80,10	3,054	U,889	1,109	614.8	0.418	19.97
Japaness yen 1,000	3,524	3.920		1000,	88,13	10,48	14,29	7676.	6.212	349.8
French Franc 10	0.984	1.080	5,274	252.5	10,3	8,747	5,697	2013.	1,367	65 39
Swies Franc	0.336	0,376	1,198	95.45	5,640	1.	1,346	732.7	0,498	23 80 %
D on Guilder	9,350	0.279	0,696	70,94	3,705	0.743	1.887	544.5	0.570	17, 69 <b>252</b>
Jian Lira 1,000	0,459	0.512	1,626	130,5	4,968	1,865		1000,	0.679	32,48
Canadian Dollar	0.676	0.754	2,595	191,9	7.816	2.010	3.705	1473	2.090	47.84
Belgian Franc 100	1.418	1.575	4,007	401,1	15.89	4.201	6.654	3078,		100,

**EURO-CURRENCY INTEREST RATES (Market closing rates)** 

Jan. 29	Starling	U.S. Dollar	Canadian Polisr	Dutch Guilder	Swies Franc	D-mark	French Franc	Italian Lira	Belgis Conv.	n Franc Fin.	Yen	Danish Krone
Short term	144-149 144-144 135-147 134-134 134-124	84 84 84 84 84 84 84 84 84 84 84 84	914 954 914 10 956 959 956 918 975 918 975 1018	514-57g 514-67g 519 6 6 61g 6-13-618 6-13-618	0-12 13-12-14 5/6 5/6 5/2-5/6 5/6-5/6	61e-55e 61e-51f 51e-678 67e-6 61e-67e 67e-67e	10%-1012 10%-1012 10%-10% 10%-10% 10%-11%-11%	14-15 14-15 14-2-16 14-2-15-14 14-3-15-18 15-1-16-3	1014-1054 1036-1678 1052-11 1012-11 1012-11 1012-11	101 <sub>2</sub> 103 <sub>4</sub> 105 <sub>6</sub> 107 <sub>8</sub> 106 <sub>8</sub> 107 <sub>8</sub> 105 <sub>6</sub> 107 <sub>8</sub> 105 <sub>8</sub> 107 <sub>8</sub> 105 <sub>8</sub> 107 <sub>8</sub>	614 518 614 616 614 616 614 616 616 618 614 618	124-1234 11-1112 1154-1216 1158-1218 114-1114

Asjan \$ (closing rates in Singapore): Short-term 82-82 per cent; seven days 82-82 per cent; one month 82-82 per cent; three months 82-82 per cent; six months 82-82 per cent; one year 92-92 per cent. Long-term Eurodoliars: two years 102-102 per cent; three years 102-11 per cent; four years 112-112 per cent; five years 112-112 per cent; five years 112-112 per cent; five years 112-112 per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

# MONEY MARKETS

# A more optimistic note

month interbank finished at 13\frac{1}{2}-13\frac{1}{2} per cent compared with 14\frac{1}{2}4\frac{1}{2} per cent on Monday. Discount houses buying rates for three-month bank bills were 13\frac{1}{2}-13\frac{1}{2} per cent against 13\frac{1}{2} per cent.

per cent.
The Bank of England forecast

The Bank of England forecast a market shortage of £200m in the morning, but changed this to £150m in the afternoon. Dealers showed some surprise that the authorities did not

LONDON MONEY RATES

MONEY RATES

Interest rates stabilised in early trading on the London money market yesterday and then showed a softer tone as market sentiment improved as market sentiment improved as hopes grew that the exceptionally sharp rise in interest rates seen this month will be short lived.

short lived.

Three-mooth interbank touched a peak of 14-14 per cent in nervous early trading, reflecting disappointment that sterling had not reacted more favourably to the latest increase in clearing bank base rates. The

UK clearing banks' base lending rate 14 per cent since January 28.

early mood of the market also followed suggestions that the recent upward trend might not recent upward trend might not be over, but sentiment gradually improved as the pound held steady around \$1.1150.

Despite the initial fears the market finished on a note of reasonable optimism, although dealers cautioned that the quite sharply aloping reversed yield surve may prove tarealistic and still depended on the future performance of the pound, while there was also some fear that the mid-January money supply figures due for publication next week will be disappointing.

After the early rise three-After the early rise three

## FT LONDON INTERBANK FIXING

(11.00 a.m. 3 months &	January 20) J.S., dollare
bld 57/16	offer 8 8/16
6 months U	J.S., dellera
bld 8 11/16	offer 6 jä/të
The fixing rests in means, rounded to extremel, of the bit for \$10m quoted five reference bank, working day. The Westminster Saak, Deutsche Benk, Berle and Morgen G	the nearest one day dispersion of the market for at 11 em each beaks are National Back of Tokyo.

144-144 144 244 144 184 144-141g 145 135 136 134 13-125 129-125 181-126 5,15 8,25 8,26 8,36 8,25 8,36 8,5 8,6 8,7 8,9 9,1 9,3 ECGD Fixed Rate Export Finance IV: Average Rate of interest period December 5 1884 to January 1 1885 (inclusive): 9.913 per cont. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Association): 10 per cent from January 1 1885. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-112-per cent. Treasury Bills: Average tender rates of discount 11.5234 per cent. Certificates of Tax Deposit (Serios 6): Deposit £100,000 and over held under one month 199, per cent; one-three months 19 per cent; three-six months 133, per cent; six-sine months 137, per cent; nine-12 months 133, per cent. Under £100,000 125, per cent interests held under set for ell deposits withdrawn for cesh 8 per cent.

131<sub>4</sub> 135<sub>6</sub> 13<sub>16</sub> 15# 13%-13# 15#-1512 1212 14-6 14-6 14-6 15-8 MONEY RATES NEW YORK (Lunchtime) 9代 10症

# **Better tone**

**FINANCIAL FUTURES** 

currency from an early level of DM 3.1605. The market generally drifted, and there was little indication of any break out from the recent trading range of DM 3.1550 to DM 3.18. It had bee aspeculated that the Bundesbank might increase interest rates on an attempt to drive the dollar lower against the D-mark, but the apparent lack of success of the British authorities in supporting the pound by increasing interest rates led to suggestions the Bundesbank should take a hint that raising interest rates does not necessarily boost the currency. Sterling denominated interest rate contracts recovered from a nervous start on the London International Financial Futures received but finished STERLING EXCHANGE BATE INDEX reached agreemnt. But once again there appeared to be little sub-stance to this suggestion. After

70.5 70.5 70.3 70.5 70.7 70.5 70.8 70.8 1.00 pm ..... 2.00 pm ..... 3.00 pm ..... £ in New York January 29 | Prev. close £ 8pot ; \$1.1143-1,1150,\$1,1155-1,1165 1 month 0,51-0,48 pm 0,50-0,45pm 6 months 1,40-1,35 pm 1,46-1,38pm 12 months 3,30-3,15 pm 3,53-3,30pm premiums and discou

LONDON

March 86.80

June 87.86
Sept 88.30 89.30
Dec 88.65 88.65 88.35
March 88.60 — 87.72

Est. volume 4.432 (5.583)
Previous chy's open int. 7.268 (6.361)

127, MOTIONAL GILT £50,000 

STERLING £25,000 \$ per E Close 169h Low Prev
March 1.115 1.1120 1.1080 1.1045
June 1.1095 1.1005 1.0975 1.0925
Sept 1.0940 .... 1.0840
Est. Volume 251 (279)
Previous day's open int. 5,215 (5,097) DEUTSCHE MARKS DM 125,000 \$ per DM Bank Special Europ'n rate Drawing Currenc % Rights Unit Close High Low Prev Narch 0.3167 0.3164 0.3167 0.3166 Est. Voltume 14 (5) Previous day's open int. 193 (192)

Close High Low Prev 0.3764 Est. Volume Hil (2) Previous day's open Int. 111 (111)

Close High Low Prev 1 125.25 125.26 124.50 126.15 125.55 125.70 125.00 126.50 125.85 — 126.80 /olume 813 (872) pus day's open int. 1.004 (1,005)

Latest High 69-21 69-25 68-30 69-00

High Low 1.1110 1.1075 — 1.0870

opening at 101-18 March gilts touched a low of 105-15, but gained support from hopes that the latest sharp rise in bank base rates may be short lived. Dealers commented that the International Financial Futures market yesterday, but finished below the best levels of the day. A rally during the morning was prompted by an unsubstantiated rumour of Bank of England support for sterling when the pound rose above \$1.12, and although the market soon retreated as doubts grew about the intervention, the general mood was helped by reasonably encouraging comments from the Opec meeting in Geneva and rumours that oil ministers had reached agreement. But once again also followed a firm level for

bond futures were weaker, reflecting concern about the possibility of tighter Federal monetary policy if economic growth remains high. The trend also followed a firm level for the Federal funds rate in New York.

THREE-MONTH EURODOLLAR 51m of U.S. TREASURY BONDS 100% 8% \$100,000 32nds of 100% Close High Low Prev March 73-07 73 11 73-01 73-14 June 72-08 Est. Volume 1.130 (1,407) Previous day's open int. 2,051 (1,573) CHICAGO

U.S. TREASURY BILLS (IMM) 51m points of 100% Letest 92.06 91.63 91.13 90.70 90.36 90.06 89.83 89.80 S1.47 90.96 June 90,96 90,97 90,53 Sopt 90,49 90,39 Sopt 88,93 89,92 THREE-MONTH EURODOLLAR

91.50 91.45 91.56 90.97 90.93 91.03 80.40 90.39 90.49 88.93 89.92 90.02 

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## **APPOINTMENTS**

# International posts at NatWest

appointed deputy chief manager of NATIONAL WESTMINSTER BANK'S UK banking operations, international banking division, based in London. He succeeds Mr Ted Stamp who becomes chief manager of International Westminster Bank, London branch. Mr Finlow was senior regional manager Africa Middle regional manager, Africa, Middle East and India, region, also based in London. He is succeeded by Mr Ken Frenthy who was an advances manager in the international banking division, in London.

Further restructuring is scheduled for the SCHWEPPES GROUP. The organisation has been changed from a functional to a business stream basis, the two major trading units being "take home" and "licensed and catering," each with its own man-

director, take home. Mr Peter White - (formerly distribution director) — operations director, responsible for manufacturing and distribution and Mr Geoffrey Dale—personnel director. Mr Jeffrey Leonard Leigh

becomes an associate director and Mr David Michael Russell Butler an assistant director of C. E. HEATH AND CO (Re-INSURANCE BROKING). Mr Kevin Francis Finigan is appointed an assistant director of C. E. Heath and Co. (Avia-

SHEFFIELD INSULATIONS GROUP has made the following board changes: Mr Ian Hansen to a business stream basis, the two major trading units being major trading units being has been appointed deputy chair-man and finance director. He was appointed a director in aging director. Reporting to the newly-appointed Schweppes managing director, Mr Derek Wiltams, will be five directors:—

Mr David Jinks—deputy managing director and finance director, the group's main subsidiary. Mr ing director and finance director, bavid Comming succeeds Mr Mr John Morrison—(formerly marketing director managing director of Sheffield Insulations Limited, commercial director)—managing Mr Couning joined as marketing

Turner and Newall announces that Mr Colin Beck has been

appointed a managing director of its subsidiary company TAC CONSTRUCTION MATERIALS from February 1. He will be responsible for the company's Trafford Park and Block divisions.

Mr Michael J. Burton has become chairman and Mr Roger Summers has become group managing director of ASTRAL COMPUTER SERVICES following its merger with Datasure, of which they are also chairman which they are also chairman and managing director respectively. Astral's former general manager, Mr Tony Lynch, has ben appointed managing director, and Mr Owen Knight has been apointed product development director of Astral.

GEI Packaging Machinery. Mr David Wright, sales director of Europack Engineering Co, succeeds Mr Broadfoot as managing director. Both appointments take effect from February 1.

Mr Leslie Teeman has been spointed a member of the North and East Midlands regional board of LLOYDS BANK from February 1. He is a director and chief executive of Boral (UK).

Mr Peter Bailey has been appointed as managing director of ORACLE TELETEXT. Mr Bailey, who joins on February 4 was previously with Prestel Residential Services and WEA Records. Mr Humphrey Metzgen, sales and marketing controller of ORACLE since 1981, has been appointed a director. Mr Richard Brooke, financial controller since 1981, has also been appointed a

Mr Bill Bowman is to succeed Lord Cameron as chairman of the TRIDENT TRUST a charit-able trust backed by such lead-ing companies as Marks and Spencer, National Westminster GEI INTERNATIONAL has appointed Mr Michael H. Broadpointed Mr Michael H. Br

# State Bank of India

State Bank of India announces that its base rate is increased from 12% to 14% per annum with effect from January 28th, 1985

The rate of interest payable on 7 day ordinary deposits is increased from 83% to 11% per annum

Main Office in the U.K. State Bank House, 1 Milk Street, London EC2

# Williams & Glyn's Bank

Alteration to Interest Rate



Williams & Glyn's Bank announce that the monthly rate of interest charged to its Access cardholders will be increased from 1.75% to 2.25% per month (equivalent to an annual percentage rate of 30.6%) with effect from 6th February 1985.

From that date the new rate will be applied to all interest bearing balances, cash advances and to purchases attracting interest for the first time. The first sentence of Condition 6 of the Williams & Glyn's Bank Access Conditions of Use is amended accordingly.

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Residential, 100 activities with a coach in oktive near you. Tel 0480 56123 in 724 hrs.: for prochure.	1942 or 372 Euston Rd NW1 Tel 91-380 1566 — pioneers in low cos (runt, established 1973 IATA—4TO) 1968 (Bonded).
Company	Notices
AMER GROUP LTD ,	
EXTRADRDINARY GENERAL MEETING	BANQUE FRANCAISE DU
NOTICE OF AN EXTRAORDINARY	COMMERCE EXTERIEURE
GENERAL MEETING OF SHAREHOLDERS	U.S.\$400,000,000
Amer Group Ltd will be held on Tuesday 12th February 1985, at 10 00 am at the Group's headquarters in Tuusula. Finland	Guaranteed Floating Rate Notes due 1987
The Board of Directors has decided to discovere the extraordinary general mechanism of the proposal of the control of the means of a directed issue of shares in a feethance for assets provided by the means of a directed issue of shares in a feethance for assets provided by the means of a street proposes for a street of the	In accordance with the provisions of the above mentioned floating rate notes, the rate of interest for the period January, 23th 1985, to July 29th 1985 1982 costs has been fixed at the period January, 25th 1982 costs has been fixed at the period January, 25th 1982 costs has been fixed to the period January 1000 con July 29th, 1985 against coupon number 7 will be U.S. Dollars 451 84.  BANQUE INTERNATIONALE A LUNEMBOURG South Anchorme
value of FIM 20 each and of which not more than \$9.860 are free "A" shares.	) <del></del>
for subscription to the thereholders of Marimethy Ov in exchange her Marimethy Ov's shares, and invariance with the right of subscription by the shareholders of	ECU 70,000,000 CREDIT FONCIER DE FRANCE
Amer Group so that  The Marimekho C. "A" shares will requal secon Amer Group Ltd c new. restreted A shares and so had a shares and so had a shares and so had a shares will educal seven chares Group Ltd c new, restricted "A" shares, and so that  Ave Marimekho Dy's free "B shares will educal ten Amer Group Ltd c new  will educal ten Amer Group Ltd c new  byte "A" shares medicing with Sertion	FLOATING RATE NOTES DUE 1994 NOTICE IS HEREEY GIVEN that for the three months from November Bit. 1984 to February an Interest Take of the control of the con
The documents completing with Section 4 Paragraph 4. Clause 7 and Paragraph 4. Clause 7 and Paragraph 6 of the Finnish Companier Act will be open for inspection by chareholders from Monday, 4th February 1985 at the Condo 5 headers are seen as a few Companies of the Appendix and the Companies of the Appendix and the Appendix of t	ECU 253.96 And ECU 2.539.58 respectively The Fiscal Agent BANQUE NATIONALE OF PARIS rLUXEMBOURGS S.A.
In accordance with the Articles of Association a shareholder wishing to	FURGIFIAN COAL AND
strend the newerl meeting has be satisfied	EUROPEAN COAL AND

•	cvidence	ROARD	OF I	PECTOR	S
	TOKYU DI	PARTME	NT 5T	ORE .	

CO. LID
NOTICE TO EDR HOLDERS
PLOTICE IS MERRBY given that subject to charteholders' approval five above Company will gay a final dividend of Yen 3.50 per share to chart holders ago of record date. January 3.1.1985. With effect from January 27, 1985, the shares will be tradeded education follows Subject to approval of the dividend Charon No.12 will be used for the purpose of Chaming such directed and will be discreted to have matured on January 27.1985. With effect from that date Coupon No.12 whould be tristleded from any EDR presented for surrender and will not be instead with any new EDR. In accordance with usual practice, the sharehotters in system will be closed from February 1.1985 in February 28, 1985 and accordingly during such period it will not be possible for register free transfer of sharehotters in the surrender of shares withdrawn against the surrender of EDRs.
3. Laster partie and the authorized at the

# **WORLD VALUE OF** THE POUND

every Tuesday in the Financial Times

**NEW ISSUE** 

Notes due 1985 In accordance with the pro-visions of the Notes notice is hereby given that the Rate of

Personal

EARLY SCIENTIFIC INSTRUMENTS. Con-sideration now being given to the disposal of a large and important private collection. In first instance please phone 0534 35114.

STEEL COMMUNITY U.S 520.000 000 85°, 12 YEAR BONDS OF 1978 DUE 1St MARCH 1990

LEUMI INTERNATIONAL INVESTMENTS
N.V.
U.S. 560 MILLION GUARANTEED
FLOATING RATE NOTES 1990
EXTENDIBLE AT THE HOLDERS
OPTION TO 1993

Interest for the next Interest Period has been fixed at 916 % per annum. The Coupon Amount will be U.S.\$45.56 in respect of U.S.\$1,000 denomina-tion and U.S.\$455.64 in respect of U.S.\$10,000 denomination will be payable on 31st July 1985 against surrender of Coupon No. 12. 30th Jan 1985

Manufacturers Hanover Limited Reference Agent

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 29.

Tottoming are crossing p	,, i.e.					
U.S. DOLLAR				Carrys	-	
1	smed	Bid	Offer	(SI)	WEST	Teld
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Rank et Tolon 175/e 81	inc			-92		11.71
Bank of Tokyo 13% 91 1 Causse Nat Tele 13% 91	100			-101s		11.56
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Canadian Pac 124/2 89 T CBS Inc 114/8 92	100	3854		3	3	11.59
Carvron U.S.A. 121/4 89		1021		_0's		11.42
Creditanstalt 131/a 61	100	105		a .	+117	11.86
Greditenstatt 13½ 61 Genmark Lingdom 13 51 Denmark Kingdom 13½ 51	ing.	18517			+14	11 63
Denmark Kitudom 131s 51	100	10512			+1"	11.91
J Denmark 137% 82 XW	100		10714		+05-2	
Demort Kingdom 14 91	100	10717		+024		12.15
EIR 12'2 90	100			-013		11.13
Dermork Kingdom 14 91 E18. 12"2 90 . E18 12"s 94	103		10514		+136	11.56
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	C0			— D' E		11.64
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1 Kellana Cenasaa 102a 90 1	IGN		9942	-014		11.04
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LT.C.B 12'e 9!	20		16514		± 123	
Many Cred Corp 1124 95 !	GO .			~ 01·4	+1	11,64
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	00	1525 s	10319	٩	+81.4	11.87
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Raiston Parina 1244 39 1	00	1041-	105	-0-3		11.35
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onvertible boads; Denominated in dollars unless otherwise adicated. Cbg., dev — Change on day, Cox, date — First date for conversion into shares. Cas., prize — Nombrel associal of bond per share expressed in currency of share at constraint the found at issue. Prize — Franchisep primary of the current effective price of acquiring shares via the bond over the most recent paids of the shares.

# Return of the fixed-rate dollar bonds

BY MAGGIE URRY IN LONDON

EUROBOND syndicate managers returned to launching fixed-rate dollar issues yesterday, with Société Génerale causing some controversy over a \$100m issue for the European Investment Bank (EIB). The deal was won against com-

interest rate applicable to the above in respect of the six months period ning Wednesday. Som January has been fived at 81% to the second petitive bidding and, said dealers, the 11 per cent coupon was ¼ or h BANK LEUM! TRUST COMPANY OF NEW YORK Principal Paing Agent per cent too low for its 10-year life, when compared with issues like the

and total commissions at 1 per cent. cent, rather than the 2 per cent considered normal for a 10-year issue by a supranational borrower. Several syndicate managers turned down

said the lead manager was buying Paribas.

BHF Bank bond average Previous 102.065 101.969 1984/85

for Australia and New Zealand Bank, led by Morgan Stanley. The five-year bonds carry a 11% per cent coupon and par issue price, and also The issue price was set at 100% traded within total fees of 1% per

> Further evidence that Japane investors are beginning to tire of low-coupon bond issues aimed at them was produced by a \$50m issue

Although dealings in the issue These bonds have a seven-year started well outside the fees, the life and a 11 per cent coupon with a trading level soon picked up to be 100% issue price. Rather than being bid at a 1% per cent discount to is- snapped up, the bonds were offered sue price - the level at which co- at a discount equal to the 1% per managers hold the bonds. Traders cent fees. Lead manager is Banque

Credit Suisse First Boston suc-Merrill Lynch brought an un- cessfully launched a \$250m floatingusually long, 12-year straight issue rate note for Security Pacific, the for Citicorp raising \$100m. The U.S. bank. The name is liked in the years. The coupon was set at 11% popular interest fixing – a monthly per cent and issue price at 99% fix at % per cent above three-fees total 2% per cent and the bonds traded comfortably inside rate (Libor) paid quarterly.

This allows holders to borrow at

Another \$100m issue appeared the one month Libor rate and re-

29th January, 1985

ceive the, usually higher, threemonth Libor rate. The issue has a 12-year life with no put options, and

selling concession. \$25m issue with equity warrants for indicated with a 5% per cent coufive-year life and the coupon is indicated at 85 per cent.

Seasoned Eurodollar bonds were slightly lower yesterday in quiet trading. The New York bond market is giving little by way of a lead, and dealers are nervous about the higher Fed funds rate.

Westdeutsche Landesbank set the terms for Jujo Paper's DM 120m issue with equity warrants as indi-cated, with a 3% per cent coupon and a 24 per cent conversion prem-

D-Mark bonds fell by h to h points in the secondary market vesterday, with new issues faring even Traders are unsettled by fears of interest rate rises and the weight of tightly priced new paper.

Swiss franc foreign bonds were trading. The new KLM perpetual issue started trading at 101, com pared to the par issue price. The deal had been heavily oversub-

Credit Suisse launched a SwFr 100m public issue for Chugoku Elec-tric Power with an eight-year life and indicated 5% per cent yield. It also announced a SwFr 100m private placement, with a five-year maturity and indicated 5% per cent yield, for Settsu Paperboard.

The EIB, as well as raising dollars, is looking for SwFr 100m through a five-year private place-ment with a 5% per cent coupon and 99% issue price. Lead manager is

## Spain to tap U.S. commercial paper market

By Peter Montagnon in London

SPAIN is planning to raise funds in the U.S. commercial market in a further bid to reduce the overall cost of its foreign borrowing.

Bankers say it has been awarded the top A1 plus-P1 rating by Standard & Poor's and Moody's, the two leading U.S. credit rating agencies, and has now started work on details of a commercial paper programme expected to total \$300m to \$500m.

News of its plans comes barely a week after another European sover-eign borrower, Denmark, anunced its intention to raise funds in the commercial paper market, where rates are traditionally lower than in the Euromarket.

But bankers expect that Spain could approach the market more cautiously than Denmark, possibly first launching a pilot scheme by using a state sector borrower with a full government guarantee such as Renfe, the railway network. Only later would the kingdom borrow in

Spain's decision to tap the com mercial paper market emphasises the degree to which a broad range of European borrowers have not turned their attention away from traditional Euromarket financing causing a shortage of business and growing liquidity in the syndicated bank loan market.

But its ability to tap the commer-cial paper market has been helped by a string of positive economic indicators, including a current account balance of payments surplus of \$25n in 1984 when inflation sank to 9 per cent, the lowest since 1972.

Mitsui Petrochemical is also tap ping the market for SwFr 50m through a five-year convertible is-

raded around the 20 basis point sue, again led by UBS.
Handelsbank set final terms for Santos' SwFr 130m public issue as pon, while Bank Julius Baer cut the coupon on Pasco's SwFr 50m convertible from 2 per cent to 1½ per

Akzo, the Dutch chemicals and fibres group, launched a F1 150m pri-vate placement, with a five-year life and 7 per cent yield. Lead manager

World value of the dollar every Friday in the

## Notice of Redemption and Expiration of Conversion Rights

# ISE Finance Holdings S.A. 4½% Sinking Fund Debentures Due 1986 (Convertible on and after January 1, 1967 into Common Stock of International Telephone and Telegraph Corporation)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of

March 1, 1966, as amended, under which the above described Debentures were issued, \$99,000 principal amount of the said Debentures of the following distinctive numbers has been drawn by lot for redemption on March 1, 1985 through the operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to the date

COUPON DEBENTURES BEARING THE PREFIX LETTER O

					1980n D	COOR ID	17006				• •
D 63 98 122	206	279 305 339	454 479 563	589 631 684	740 740	798 827 830	907 993 1092	1196 1283 1408	1512 1770 1805	1917 2026	2048 2063 2068
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The Debentures referred to above will become due and payable, and Upon Presentation and Surrender Thereof (with all coupons appertaining thereto, maturing after March I, 1985), will be paid on said redemption date at the Brokers Services Department, 5th Floor of Cathenk, N.A., 111 Wall Street, New York, N.Y. 10043, at the offices of Citibank, N.A., in London and Paris. or at the office of Societe Generale de Banque S.A. in Brussels, Dresdner Bank Aktiengesellschaft in Frankfurt and Banque Generale du Luxembourg in Luxembourg, as the Company's Paving Agents. On and after said redemption date, interest on said Debentures will cease to accrue. Coupons maturing March 1, 1985 should be detached and presented for payment in the

usual manner.

The above specified Debentures called for redemption may be converted at the option of the holders thereof and at the principal amount thereof into fully paid and non-assessable shares of Common Stock of International Telephone and Telegraph Corporation ("ITT") at the conversion price of 5-40.45 per share upon delivery of such Debentures to any of the offices above accompanied by written notice addressed to ITT electing to convert such Debentures and stating the name(s), address of the person(s) for registration of the shares of Common Stock and whether such person(s) or beneficial owner(s) are aliens as to the United States, with all unmatured coupons appertaining thereto attached, at any time until the close of business on said redemption date. Upon conversion of any Debenture, no payment or adjustment on account of interest accrued on any Debenture so converted or on account of any dividends on the Common Stock delivered upon conversion will be made and no fractional shares of Common Stock will be issued. AT THE CLOSE OF BUSINESS ON SAID REDEMPTION DATE SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL DEBENTURES BEING REDEEMED AS SPECIFIED

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Compliance Act of 1983 unless the Paying Agent has the correct tax identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

ISE FINANCE HOLDINGS S.A. By: Citibank, N.A. as Trustee

January 50, 1985

**IBJ** International Limited

**Arab Banking Corporation (ABC)** 

Lehman Brothers International

Deutsche Bank Aktiengesellschaft

LTCB International Limited

These securities have been sold outside the United States of America and Jupan. This announcemen

NATIONAL BANK OF HUNGARY

(Magyar Nemzeti Bank)

(Incorporated in Hungary as a joint stock company with limited liability)

U.S. \$100,000,000

Floating Rate Notes due 2000

Issue price 100 per cent.

Nomura International Limited

Banque Nationale de Paris Daiwa Europe Limited Kansallis-Osake-Pankki Morgan Guaranty Ltd Sumitomo Finance International

Creditanstalt-Bankverein First Chicago Limited Lloyds Bank International Limited J. Henry Schroder Wagg & Co. Limited **Sumitomo Trust International Limited** Takugin International Bank (Europe) S.A.

The Taiyo Kobe Bank (Luxembourg) S.A. Tokai International Limited

# The Finnish Paper Mills' Association – Finnpap U.S. \$100,000,000

Floating Rate Notes Due 1995

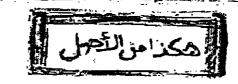
In accordance with the terms and conditions of the Notes, the rate of interest for the interest period January. 30, 1985 to July 30, 1985 has been fixed at 81/8% per annum. Interest payable on July 30, 1985 will be US\$446-22 per Note of US\$10,000.

> Agent Morgan Guaranty Trust Company of New York London Branch

**ASICS CORPORATION** NOTICE TO EDR HOLDER

sharas will be traded a divided and EDR. Holders are solved that coupon No. 7 to the EDRs will, subject to Directors' approved of the dividend, be used for the purpose of claming such dividend and will be deemed to have meatred on that date. Accordingly coupon No. 7 should be detected from the EDRs presented for surrender and will not be issued with any new EDR.

Subject to Oirector's approval of the dividend, a further notice will be published stating the amount and ectual date of payment of such dividend, together with the procedure to be followed by obtaining payment thereof, as soon as procteable after. THE CHASE MANHATTAN BANK N.A.



# Unlisted Securities Market

The junior stock market has developed beyond the most optimistic hopes and has established itself as the biggest source of equity capital for small businesses in the UK

# Boisterous youngster has come of age

By William Dawkins

THE Unlisted Securities Market was in its early days likened to suspended, 11 have been taken

enough for a market which was volutile, unpredictable, and was looked upon by the City as an excitable youngster with an uncertain future. But now the

All the major issuing houses have come to see it as a valuable opportunity to forge relation-ships with entrepreneurs who should become the important corporate clients of tomorrow.

The junior stock market have established itself as the biggest established fisher as the orgest the market for tunds is single source of equity capital accelerating. Last year's newfor small businesses in the UK, comers raised £193.2m from and while it is still experiencing their flotations, of which 56 per growing pains, it has developed cent represented new money beyond the Stock Exchange's for their companies' develop-

most optimistic hopes.

Last year, a record 101 companies joined the USM, bring directors. ing the total to have been admitted to the market to 337, graduated to a full listing, one of the most important functions USM's current market capitali-

over, seven have been reorga-nised and one quotation has been cancelled, leaving an end-of-1984 head-count of 270 USM

Despite the growing number of graduates to the full board, USM's market capitalisation last year according to stockbrokers Hoare Govett, the total value of the USM in the past 12 months has grown by 22 per cent to

Meanwhile, the pace at which young companies are tapping the market for funds is accelerating. Last year's new-comers raised £193.2m from their flotations, of which 56 per ment, with the rest going to existing shareholders

equivalent to a quarter of the

The USM owes its break-neck market.

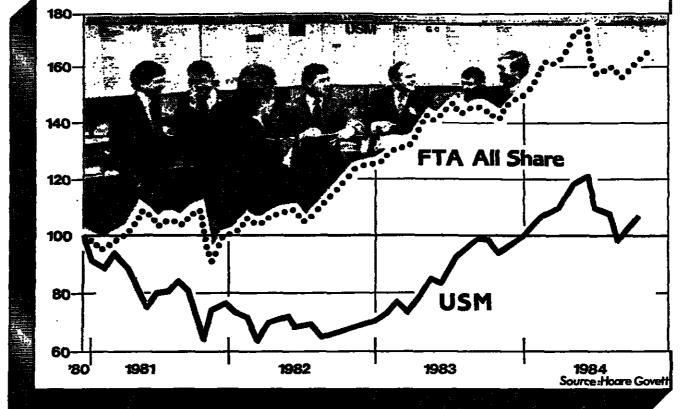
Another six groups have been expansion to the release of a uspended, 11 have been taken pent-up demand for equity capital and an easier route to a flotation at a time when the economic and political climate is set fair for the growth of small businesses. Before the USM's inception.

young companies had been deterred from joining the full market by the high costs involved — currently around £620,000 for an offer for sale —and by the fact that they had to jeopardise their indepen-dence by releasing at least a quarter of their equity to the

number of companies turned to unofficial markets outside the SE's auspices, providing something of an embarrassment for the regulatory authorities.

By introducing less onerous reporting and advertising requirements, the USM has because the down issue costs in

brought down issue costs in the market to 337, another £68.4m from rights £150,000 for a placing and to the Stock issues in 1984, bringing the £355,000 for an offer for sale, That includes 42 grand total raised by USM combined as a proportion of the which have panies to date to £731,7m, value of the shares being cent-USM flotation costs are in



Another attraction USM companies had only to release 10 per cent of their equity, although that still does valuation of the company, the not provide an absolute guarantee of independence, as group found to its cost when after attracting the attention of Acco World Corporation of the U.S. it was taken over in an

agreed bid just over a year arter its USM debut. In practice, the average pro-portion of publicly available equity on the USM is 34 per cent, reflecting the extent to which companies have released more shares through rights line with those on the full issues and sponsors' attempts to full listing last September.

other attractions of a USM flotation include an independent availability of quoted shares for acquisitions and employee inceptive schemes and the prestige connected with public

Some companies would have found it impossible to raise finance from any other source. Systems, for Britain's largest instance. independent distributor of business microcomputers, used £18m worth of its USM quoted shares the year before it graduated to a

pany, and not even the most its early days, when it was ill-sporting bank would have lent served by its dependence on oil the group's chairman. He main-tains that the mere fact of being quoted on the USM helped Micro Business Systems to win

'Junior computer companies like us have an untidy record of feast to famine. If you have the regular reporting discipline of a listing, it gives you more credibility to customers. At least they can look at your accounts every six months," he says.

Despite its catalogue of successes, the USM still exhibits some areas for concern.

Achieving Quotation: The benefits of defining Profile: TDS Circuits ...

Moving to a Full List-lng: Share marketability is an advantage ..... Accountants Role: useful tool to publicise

Over-the-Counter Market: Growth matches

Stockbrokers and Mer-chant Banks: The ulti-

Profile: Valin Pollen ... much to do proves a

Profile: Cifer .....

Start-up Ventures: Less hammering at the door of the Stock Exchange...

Striking it Rich: Swelling the ranks of the millionaires

also suffered a serious reverse. Fiercely competitive conditions have brought a spate of dis-appointing results from groups like Acorn Computer, Memory Computer and Cifer.

The electrical sector's fall from favour was primarily responsible for dragging the Datastream USM leaders index down from its May peak of 118.54 to 104.64 at the end of the year, just 6.71 points ahead of its January 1984 figure. Meanwhile, the volatility of

# LISM on Topic USM Directory Monthly Market Commentary

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and computer-related shares,

which made up almost half of the USM's value a year ago.

Oils now account for 13 per

cent of the USM's capitalisation,

with the computer sector taking

another 20 per cent. They have been diminished by the dis-appearance to the full market

of some of their largest con-stituents and by the growth of other sectors like public rela-

tions and design, with the arrival of companies like Valin

Pollen, Addison Communica-tions, and Craton Lodge and

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Peat, Marwick, Mitchell & Co. USM quarterly survey, October 1984.

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ation, we are able to provide an exceptionally detailed service, precisely

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adding extra expertise where necessary without duplicating effort-and so ing expenses to a minimum However, this is only the beginning of our service: for we believe a flotation should merely be the first stage

your existing advisers by

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# The benefits of defining objectives

## Achieving Quotation

WILLIAM DAWKINS

THE succeeded in providing a relatively easy way for young companies to raise equity finto work hard for the privilege. the costs they were letting them-selves in for when they em-barked on the long journey— anything between three and nine months—towards joining

the junior stock market. The average placing last year cost around £150,000, while the average offer for sale cost the companies involved a sobering £350,000. Professional advisers fees have risen steeply in the last six months, provok-ing a rash of complaints from ost-conscious flotation candi-

Accountants Touche Ross estimate that the average cost of a share placing — the most common method of entry to the USM — has risen by 20 per cent in the four years since the market opened. However, to put that in perspective, that increase is just three points ahead of the general inflation rate during the period.

These figures do not, of

entrant, Hawtal Whiting, an engineering design consultancy, estimated that the 190 working days spent by its three directors and their own chartered accountant, in preparing for the market, cost the company almost £50,000. Professional fees came to £130,000.

The minimum anter require

came to £130,000.

The minimum entry requirement set by the Stock Exchange are not in themselves over-burdensome, though most sponsors to protect themselves when staking their reputations on comparatively unknown com-

The two most important re-quirements are:

• At least 10 per cent of the company's equity must be available to the public, as against 25 per cent on the full board. In practice, the average USM entrant is currently issuing more than 25 per cent, according to stockbrokers Hoare Govett. This reflects entre-preneurs' concern to get the best value from their high fees Few USM debutants appear to as well as sponsors' wishes to have had an entirely accurate idea of the volume of work and the costs they were letting them—

preserving an active market in preserving an active market in preserving and active market in preserving active market in preservin which they can pick up com-

> At least three years' audited and unqualified unqualified accounts must be provided, as against five on the full market. Start-up ventures with fully researched and costed projects are sometimes admitted. Apart from the senior management time involved, one key

mission earnings.

agement time involved, one key drawback of joining the USM is that the company might attract the attentions of an unwelcome bidder if a high proportion of shares are sold. Moreover, the management could easily feel inhibited by its new responsibilities to shareholders and the continual scrutiny it will experience from investors, stockbroking analysts and the

under the boardroom carpet.

professional advisers, which must include a reporting accountant — which might be your auditor—a solicitor, stock-broker, and possibly a merchant bank if your company is large or complex.

the issue costs.

As the USM has become more established, professional advisers have become increasingly aggressive in pitching for busi-

ness.
Professionals' parades" have become a frequent occurrence, although the the period.

These figures do not, of course, take account of the hidden costs of management time taken up in preparing for a USM float; and these can be considerable.

One recent entrant, Hawtal Whiting, an engineering design consultancy,

companies with limited cash. Shares can also be affered to

employees as an incentive, Several groups have reported that a USM quotation has improved their standing with customers and suppliers, as well as their creditworthiness with bank lenders. By the same token, adverse publicity can magnify problems which might other-wise have been discreetly swept

And the preparation for a flotation can in itself be beneficial by forcing a company to define its objectives more clearly and by helping it to spotlight and overcome any management or structural weaknesses. The first step towards a flotation is to select a team of

It is worth bearing in mind that a merchant bank's cor-porate advice can add between £25,000 and £75,000 or more to

# OILS FINANCIAL : Sectors London-Datastream USM Indices -- 300

Placings are subject to a f3m limit on the value of the shares being sold, and the candidate's being sold, and the candidate's market capitalisation is not expected to exceed £15m. Companies worth more than £15m or marketing over £3m worth of shares must join the market through an offer for sale, which may be by fixed price or

by tender. Under this method, all the shares being sold are advertised to the public direct. Hopeful investors apply on a form

companies, the brewers Eldridge Pope and Fuller Smith and

attached to the prospectus. Only 12 of the 101 companies which were admitted to the USM in 1984 joined through an offer

The cheapest way of getting on to the USM is through an introduction, which accounts for roughly a quarter of all USM flotations. The average cost is upwards of £50,000, though two

Turner, did schiere Mire ductions for a week £3,000. This method is reserved for companies which sires of their at least 10 per cent of their equity in outside hands and are marketing no new shares. They do not have to publish a present, the preparation of which a usually the biggest single signes, in the cost of gains so the ment in the cost of gains so the

Once the prospectits has been drawn up and the Sh's permission for a quotation sought, the most difficult supert of soling to the market is without doubt deciding on the price of the shares to be sold. Most sponsors like to build in a 10 to 15 per cent premium to stimulate investors attention. Not surprisingly, the entrepreneurs prefer to give tway as little as possible.

This can lead to often eme-tive, last minute haggling setween stockbrokers and their USM clients.

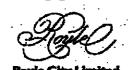


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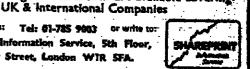
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# Coming of age

CONTINUED FROM PAGE 1

some individual shares has been exacerbated by their extremely limited marketability. A handful of buyers and sellers can produce dramatic price movements which often give an exaggerated or imperfect im-pression of a company's state

of health.

One beneficiary of this trend has been the successful beauty care chain The Body Shop In-ternational, the USM's star performer of 1984. In the nine months since it joined the market last May, the group's stock, which can only be traded in parcels of 1,000 shares, shot up by 394 per cent to 470p, a staggering 130.6 times last year's earnings.

year's earnings.

By the same token, investors in a thinly traded stock which runs into trouble will get the sensation of plunging down a precipice. An example is Adam Leisure, the Hazzogate-based distributor of hand-held electronic general which saw its tronic games which saw its share price more than halve within the space of a few days early last year when it announced that Christmas sales had fallen 50 per cent below budget. In the year to en-December, Adam's shares had

declined by a sobering 84 per cent to 15p, just under two times 1983 earnings. Another area for axniety is the uncertain quality of some start-up ventures to have joined the USM. They are admitted under a rule which permits greenfields companies so long as they have a fully researched project using proven technology. Normally, entrants must possess a three-year trading record as opposed to five years for a full listing.

With few exceptions, the USM's start-up ventures have received a dismal welcome from investors. Their plight is exemplified by Synterials, a Dutch producer of synthetic industrial materials which raised £20m last December in the USM's biggest ever fundraising exercise.

Since then, the company has produced larger than expected losses, run into production problems and lost through ill health its technical director, who supplied the inspiration for

Originally issued at 100p, the shares now languish at 33p, inviting the question of whether Synterials and companies like it would have fared better in the private venture capital market with a small band of expert investors ready to be involved in running the business.

Another area for concern has been the parallel growth of the over-the-counter market. While the OTC is only a fraction of the USM's size, it has thrived on the fact that OTC stocks qualify for tax relief under the Government's Business Expansion Scheme.

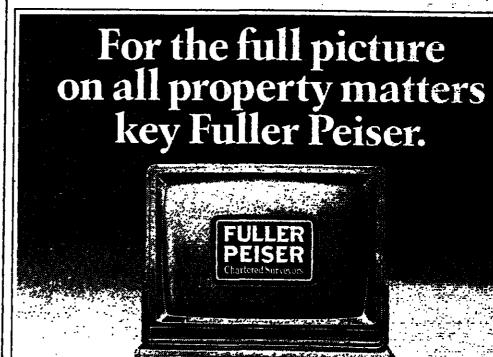
This incentive is denied to USM investors, and is believed to have been a factor in attracting a number of potential USM candidates to the OTC.

The SE authorities have long treatment of the two markets equalised, but their pleas have fallen on deaf ears in Whitehall.

A final and important concern is that the USM has still not been tested in a severe bear market, although it held up surprisingly well when share prices in general took a dive early last summer. Nonetheless,

market looks set to attract an increasing number of new companies in the year ahead, barring any serious reversal of general market sentiment. Tougher full listing requirements recently introduced by the European Community are expected to encourage more of the larger flotation candidates. which are undecided between the USM and a full quotation, to go for the junior market.

Meanwhile, the supply of smaller businesses eager for a quotation appears to be as generous as ever, even if some observers are anxious about their quality.

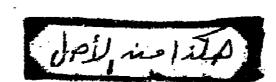


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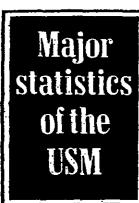
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# Unlisted Securities Market 3



Сотраву	Business	Market cap.	Date
Microvitec	Colour display monitors	£48.9m	May
North Sea and General Oil Investments	Oll exploration	£32.5m	March
Ennex International	Oil and mineral exploration	1£26.7m (£22.6m)	June
TDS Circuits	Multilayer printed circuit boards	526.6m	July
Access Satellite International	Movable scaffolding towers	£25.4m	Novembe
Industrial Scotland Energy	Oil and gas exploration	£22.7m	August
Hunter Saphir	Fresh fruit and vegetables	£18.6m	Jupe
Powerline International	Power supply equipment	£17m	March
Spectrum Group	Home computers, software and peripherals	£15m	June
CPS Computer Group	IBM distributor	£14.7m	Mareh

**USM Market analysis** 

AGGREGATED MARKET DATA

£2,830m Net tangible assets £954m Net debt

Acid ratio

NTA/market cap. % Capital gearing Income gearing

Market

capitalisatio

35% 12% 8% 1.0

companies

34%

Total capitalisation Free capitalisation

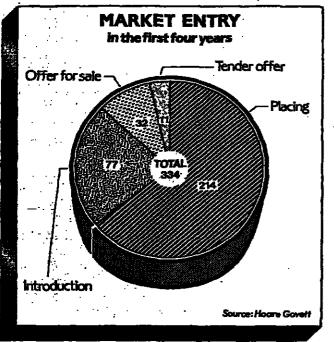
Pre-tax ratio
P/E ratio (actual)

Building materials

BY ACTIVITY

HARRET PORAKDOWN

Construction .....



				Pictione	910	70	-
			1	Electricals	61	2	. 6
			1	Engineering	43	2	9
				Metals	13	1	5
			- 1	Moters	15	1	3
			Į.	Industrial Materials	102	4	4
			. [	Brewers	93	3	7
		·	- 1	Food	116	4	10
Introduction			i	Leisure	240	9	24
			i	Publishing	31	1	4
	•	Source: Hoo	re Govett	Packaging	12	ō	4
			_	Stores	160	ē	11
				Textiles	9	ă	3
				Other consumer	40	Ť	7
Best and worst pe	rforme	re		Chemicals	33	î	é
Dest and worst pe	11011116	19		<del></del>	36	î	ž
	Price at	Price at		Office equipment		13	51
<u>.</u>	January 1			Miscellaneous	374		
	1984 (or	1984 (er at		Oils	359	13	15
Company	at issue)	recent results)	gain	Property	115	4	17
Body Shopt	. p . 35	470	294	Miscellaneous financial	166	6	15
Valin Pellent		362	229	Other	23	1	2
Microfilm Repregraphies		179	218	Foreign	143	5	12
Scantronie†		198	154	TOTAL MARKET	2,830	100	266
French Connection		365	. <b>152</b>				
Michael Peters	97	245	152	MARKET BREAKDOWN			
<del></del>			Percentage	BY SIZE			
· · · ·			fall	Market capitalisation:			
WORST PERFORMERS				Below £2.5m ,	66	2	42
Adam Leisure		15	84	£2.5m-£10.0m	765	27	140
Cifer	121	21	83 71	£10.0m-£20.0m	737	26	53
Immediate Business Systems		34 10	71 69	Over £20.0m	1,262	45	31
SelecTV		10 13	69 69	TOTAL MARKET	2.830	100	266
Bula Resources+ h	iew issues		UB	Source: Hoste Govett	_,		

Profile: TDS Circuits

By Stefan Wagstyl

# Horizons widen following flotation

FEW ELECTRONICS com-panies are as modest about T D S Circuits, one of Europe's largest manufac-turers of complex printed circuit boards. Equally few can be as proud of their pro-duction techniques.

oriented as some companies," says Mr David Taylor, man-aging director, who founded the company in 1974 with his "We are commedity producers. We need to have a very commercial approach."

Circuits, based in Blackburn, Lancashire, concentrates

boards where circuits can be made up across several layers (used in acrospace and mili-tary electronics and in comsingle-sided boards where components are connected on one side only (most com-monly used in consumer elec-tronics), plated through the hole (PTH) boards in which

Circuits began by making only PTH boards, mostly on small batches, but in 1979 deliberately moved into multilayer boards, which now account for 80 per cent of ont-multiple company has about put. The company has about 10 per cent of the UK multi-layer board market, with GEC and Plessey as major cus-

The new market was not easily won. Profits for the years to the end of February 1981 and 1982, which were in any case depressed by recession, suffered from the heavy start-up costs of making multi-

Pre-tax profits recovered strongly from £180,000 in 1982 strongly from £150,000 in 1502 to £1.4m a year later, and rose to £1.7m on sales of £7.8m in 1984. The current year is stronger still: In the first half of 1984-85 Circuits made £1.3m.

The company is continuing to invest heavily in production technology to maintain efficiency and expand output.

Work is starting soon on a new factory, which, when ready in two years' time, should allow Circuits to increase output by almost three times.

## Extra capital

A major reason for last year's flotation on the USM was the need to raise extra capital—£1.4m from the issue —to fund this ambitious pro-gramme.

Trading margins are high -25 per cent last year-but TDS believes that the high cost of developing production capacity restrains new companies from entering the field.

"We have the advantage because we are already here," says Mr Taylor. The chief competitors in an expanding UK market are subsidiaries of Standard Telephones and Cables, Italy's Olivetti, France's Matra and an independent company, Prestwick Circuits.

Mr Taylor believes that the USM flotation has given the company wider horizons. "We can take a broader view and look more at long-term

companies planning a flotation. "If you are going public prepare for it for at least three years ahead, or five years, which is what we did; and get good advisers."

# Simon & Coates leading the

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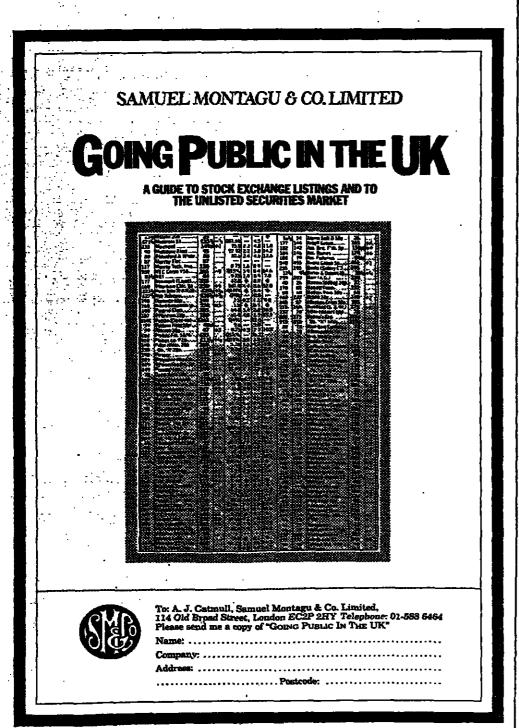
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# Useful publicity tool for services

Accountant's Role

Moving to a **Full Listing** 

ALISON HOGAN

TO MOVE or not to move is a question often pondered by

companies quoted on the Un-listed Securities Market. About one in five of those which have

ioined the USM since it opened

for business in November 1980,

and have not been taken over,

have made the transition to a

full listing.

A rush of companies took the

leap to the upper house in the months before Christmas ahead

of the proposed changes to the Stock Exchange "Yellow Book."

This is a list of regulations

governing the admission of securities to listing. The com-

panies feared that the new rules

panies teared that the new filles would be more onerous, probably making the process of transition more costly.

The new rules have now been published, taking effect from the beginning of 1985. There are a number of major changes which the process of the proces

which are being carefully studied by financial advisers to

assess their consequences. On balance they feel the changes

over, or acquisition involving the issue of 10 per cent or more

ALISON HOGAN

HUNDREDS of people have contacted chartered accountants Touche Ross since they began their advertising campaign urging businesses contemplating a USM quotation to "get in

with over 300 paper million-aires created through the USM it is perhaps not surprising that "some small businesses look to the USM as a sort of moneybox and think they can just go to the market next week," according to Mr John Root's, partner in charge of Roques, partner in charge of the London office of Touche

Ross.
Only a small proportion of

the people who contact Touche

Ross and other firms of accountants will actually end up going public. They are often sur-prised at the assistance the accountants can give them in developing their business and the range of alternative sources of finance available in addition to seeking a flotation.

new equity.

The Stock Exchange says the principal purpose of the USM

join the full list at the time of the announcement of a major

The USM has proved a useful publicity tool for the accountants' services. Peat, Marwick Mitchell was one of the first of the big firms to recognise its potential as a source of business with the result that by the end of 1984 it had acted as reporting accountants to 56 USM flotations, more than double the number of any other Mr Alan Comber, Pear's USM

ertner, said that it is difficult to estimate how many clients have emerged because of the USM. "Many would have come through the door anyway, but conceivably some are coming slightly earlier." He feels there is a wider awareness of the financial requirements for expansion and raising money. "More people arrive with a business plan in their heads, with a clear idea of what they vant to do," he added.

Their aspirations often prove overly ambitious, however. Most firms conduct an intensive business review of a prospective client to assess their financial needs and stage of development. Touche Ross and Deloitte, Haskins & Sells say that their initial consultation is free.

"The preliminary review highlights the critical factors which need to be serviced," according to Mr Comber. The accountants prefer to get involved with a faient up to two or three years before a

flotation. It gives them and the company plenty of time to get balance sheets in order, to disentangle family shareholdings and taxation problems, and to settle any outstanding litigation, however minor. The accountancy profession has always done a certain amount of carporate finance work in addition to undertaking its traditional audit and advisory functions. It is taking advantage of the new less

advantage of the new less regulated atmosphere to market such services more aggressively, sometimes in competition with other financial advisers, such as stockbrokers and merchant banks as well as other accounting firms. Mr Roques believes that the

profession is at "the relative early stages of a trend for medium-sized businesses to have their initial contacts for corporate financial advice with accountants."

He feels that the emergence of a number of large securities houses, as a result of the financial services revolution, could lead many merchant banks to concentrate on larger com-panies and international business, leaving the smaller end of the market for the accountancy profession to

Most of the large firms of acountants have a nucleus of professional staff who concentrate on USM work. Mr Comber at Peat Marwick makes sure that all USM work done by the firm is of the same standard and approach and he keeps the firm's information base up to date.
"But if a job goes into the Birmingham office, it is done exclusively out of Birmingham,"

At Deloitte, Haskins & Sells, five partners concentrate on flotations, both for the USM and the main market. Mr Graham Cole, the national USM partner, says that when a regional office has a client who wants to come business and will personal service."

apply for listing."
It accepts that "some com-On the other hand, companies who expect the mere fact of a listing to open lots of instipanies, as they expand, would see particular benefits for them tutional doors, will probably be in moving up to a listing but disappointed. Most of them will be expected to go through a trial period until reaching a certain market value and stage there is no obligation to make the transition."

There are a number of reasons for and against seeking a listing. Some companies have

of maturity. quite openly chosen the USM Aidcom International, the deas a cheaper route to the main sign, market research and high-tech consultancy group, moved market, moving up as soon as the minimum stay of a year has up to a full listing in April last year. Monty White, Aidcom's finance director, said that the transition proved to be pretty painless. "It had always been part of the plan," he said.

He thought the status of a fall lighter prohably assisted. Hambros Bank, which has advised 10 companies on seeking a quotation, has surveyed the companies that have made the transition and found that 30 per cent of these chose to

full listing probably assisted the company in establishing its credibility in the U.S., where in June it completed its largest acquisition to date with the purchasely of the property of the chase of San Francisco-based S & O Consultants.

acquisition. A further 30 per cent decided to go up for reasons of greater share marketability. The marketability of a company's shares is probably an important consideration for most companies. Hambros Bank lists the following advantages which are thought to flow from increased marketability. Most companies choose the time of the annual results to make the move, probably resulting in savings in professional fees. The results are invariably good, and Small, but acquisitive companies may prefer a USM quotation. Listed companies now that to publish full listing the status of a company in the eyes of from increased marketability: Greater stability in the share

have to publish full listing to many as enhancing the status particulars on any occasion of a company in the eyes of when they plan a merger, takeinvestors and business custo-● Greater acceptability shares as consideration for acquisitions. Greater ability of major

shareholders to sell shares with The unlisted securities market

accountants To December 31 1984

reporting

flotations by

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requirements with them "but it is the local guy who will actually sit with the client through the whole process." This way, the expertise is con-centrated into a few hours. "The client should not have to pay for learning time," said Mr Cole.

Simmons Cohen Fine ...

The firm's USM experts usually get more closely in-volved if they are invited later in the process, either by another firm of accountants or a sponsor, to act as reporting accountants to a company. Pre-parations for a flotation may be quite well advanced and the accountants then have a "sharp learning curve," according to Mr Patrick Harrex, financial investigations manager at Spicer and Pegler.

Their main task is the pre-paration of the long form report to check tax clearances and to prepare certain placing docu

Accountancy firms have been ments as reporting accountants if they cannot then keep the client and become its full time auditor. Most firms, however, manage to come to an amicable arrangement by which the company retains its original auditor, but can call upon the reporting accountant, usually a much larger firm, for specific advice

when necessary.

In time, if a company is expanding, it will tend to outgrow its small local firm, seeking in creasing industry specialis specialist advice or overseas representa-

Some accountants have reported cases of "low balling" Some when a firm quotes an un-realistically low price to win a job, though none will officially own up to such a practice. The practice does not appear

to be widespread, but usually occurs on a regional basis when a firm is weakly represented and wants to build up its client base. Mr Harrex said that although price competition is keen, the type of service a firm offers is more often the deciding factor. "The client wants someone who understands the business and will offer a direct

Share marketability an advantage to capitalise on thet publicity a less damaging effect on the pury plans the next state attached to the move. A full share price.

principal purpose of the USM is to "provide a formal regulated market designed to meet the needs of those smaller, less mature, companies unlikely to apply for listing."

Intermed to the move, is the move, is a smare price.

A Arguably a removal from succeptability to a downturn managers who usually have which might occur in the USM only a very small proportion of if economic circumstances that the move is the move of the usually have apply for listing." mature companies, typical of the junior market:

Given the high ratings which many USM companies have enjoyed (though more recent issues have tended to show a more conservative valuation) the effect of the transition on a company's share price is often a burning consideration. Most price earnings ratio's decline after some time on the main market. There are tech-nical factors behind the itations of some USM companies, including very narrow markets caused by the limited number of shares avail-

Also, some companies, still very young, can often have a tremendous burst in profits and unlikely to be swayed merely by turnover on small fixed costs.

This tends to slow as the com-

requirements increase.
Hambros bank examined the performance of a mumber of stocks which had graduated to the Official List and found that a company's above purch offer a company's above price of the reck the FTA ladder as, or more, closely than the relevant USM index. This seemed to be the companies were on the USM and following their transition.

Glibert Chalk of Hambros Bank believes that the transi-tion in itself does not affect a particular company's share price, but in a good mumber of instances, the reason for the transition does have an affect."

"I feel that the investor is really looking to been his view of a communication price or of a company's there price on the quality of interagement, in-dustry and its own likely profit achievements within that in-

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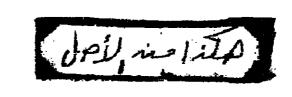
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# USM growth matched by that of its smaller rival

## Over-the-Counter Market

WILLIAM DAWKINS

THE USM's breakneck growth of the past four years has been matched by that of its smaller the over - the - counter

The OTC, a collection of tele-phone share markets conducted more than doubled in size in the past year to 18 months. There are no centrally collected figures—regulation is one of the OTC's greatest problems—but it is estimated that the 15 leading market makers quote prices in more than 150 companies'

Five years ago, there was only one OTC market maker, Granville and Co, quoting prices in about 20 stocks.

Granville alone — formerly known as M. J. H. Nightingale — was by the end of last year quoting prices in 30 companies' shares with a total capitalisation of £200m; making it the leading OTC dealer in terms of

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THE REPORT AND

Harvard Securities, which but too long to let the makes a market in 57 OTC as start-up ventures. stocks with a joint capitalisation of £180m, estimates that the ler point out in a study of the entire OTC is currently valued at about £575m, making it about a fifth of the size of the USM. Last year, Harvard reckons that 43 companies joined the OTC, raising £33m in new money in the process, while existing companies raised £6m in rights issues.

One reason for the OTC's recently will be seen to have growth is that it makes invest- either very short or volatile ment in high-risk ventures a

qualify for Business Expansion Scheme relief, under which individuals may deduct the price paid for their shares from their total taxable income so long as they hold onto the

shares for five years. USM investors are denied this incentive. The Stock Exchange has long campaigned to have the two markets' tax treatment brought into line, but the Treasury has so far appeared insympathetic.

The OTC's expansion is also believed by some observers to have been assisted by the rigorous requirements of a USM quotation. It has certainly proved a useful outlet for green, it

are simply too small to justify the costs of a USM quote. Spicer and Pegier estimate that 40 per cent of the OTC's new issues in the year to last October were floated on a market value of £2m to £5m. The average market capitalisation for USM companies is £10.6m.

That is not to say, however, that the entire OTC consists of small, highly speculative propo-sitions. Indeed, it had its origins through Granville as a way for long established family com-panies to market shares, while at the same time protecting their independence by releasing less equity than would be required by the SE.

They include groups like

## One reason for the OTC's success is that it makes investment in high-risk ventures a comparatively cheap gamble

begun to trade and have been denied a USM quotation because their records are too short to qualify for standard admission, but too long to let them get in

OTC to be published shortly: "Licensed dealers have shown a readiness to take to the OTC markets companies who are unable to meet the criteria set by the SE for admission to list-ing or to the USM. Thus, a number of the companies to have obtained OTC quotations

trading records." The OTC has also provided comparatively cheap gamble. The OTC has also provided OTC investments generally an opening for companies which

Bardon Hill quarries, and the Airsprung bedding company. The average proportion of equity available to the public on Granville's market is around 5 per cent, as against 34 per cent on the USM.

Unlike most of the rest of the OTC, Granville will only deal as an agent on a matched bargain basis, and does not hold its own line of stock as a principal. And in most cases, it is instructed by the company not to permit share purchases by investors who may be hostile to the group's management. OTC market makers would

argue fiercely that the quality of information and depth of disclosure required from OTC flotation candidates is very similar to that demanded from their USM counterparts.

Patrick Harrex, financial investigations manager for Spicer and Pegler, agrees: "In our practical experience, there is no difference in approach," he maintains.

The real difference is in the conduct of the aftermarket, where the OTC has been criticised for the conflicts of interest involved when an issuing house is frequently the only broker and jobber in a company's shares, as well as being an investor. Most OTC stocks are quoted by a single dealer, although a handful of the more popular ones are dealt in by up to four market

Conflicts of interest could easily arise if a dealer is keen to get rid of a long line of stock in bearish times, and there are fears that the OTC's dual capacity dealers could be much more vulnerable to col-lapse in poor market conditions than a conventional single capacity stockbroker.

Moreover, the OTC has given rise to concern that many of its stocks are trading at artificial prices because the markets for them are so thin. Spicer and Pegler estimates that about 10 per cent of the OTC's prices at which the dealer would trade if any stock was available.

OTC market makers have attempted to regulate themselves, but have been hampered by a failure to agree on the shape of an overall regulatory body. Four dealers belong to the British Institute of Dealers in Securities (Bids), which was set up in November 1983 to impose self-regulatory standards and to provide a compensation

Another four belong to the National Association of Security National Association of Security Dealers and Investment Mana-gers (Nasdim), which is recog-nised by the Department of Trade as a self regulatory body. But it has a very wide member-ship and does exist, like Bids, purely to police the OTC. The rest belong to neither.

Nasdim and Bids have been discussing a possible merger for some time, but for the present, the regulation of the OTC is uncertain.

Meanwhile, the boundaries between the OTC and the USM are beginning to blur, just as traditional distinctions in the rest of the City are beginning to fade in the face of the revolution taking place in the securities industry. securities industry.

Last June, Granville took a 29.9 per cent stake in R. A. Coleman, a small Welsh stockbroker, with plans to move to full ownership when SE rules permit. Coleman is using the purchase cash to establish a Lonfon office specialising in small quoted companies.

Hill Woolgar, one of the four dealers quoted on the OTC, is expected to seek a USM quota-tion shortly, and Harvard created a furore towards the end of last year when it opened an independent market in 13 USM shares. It currently offers prices in 60 USM stocks and plans to cover the entire un-listed market before 1985 is

Apart from concerns that the OTC cannot develop properly in the absence of an overall regu-latory body, another key anxiety for the future must be how the market will handle the need for Business Expansion Scheme (BES) investors to realise their investments in around three years' time.

Spicer and Pegler warns:
"There must be a risk that share
prices may be depressed if
jarge scale disposals take place
and that opportunist predators
may seek to take advantage of
the opportunity to build up subthe opportunity to build up sub-stantial stakes in BES com-panies." That prospect alone panies." That prospect alone should give the regulatory authorities something to chew

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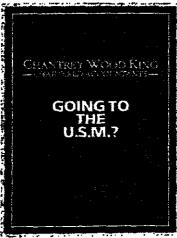
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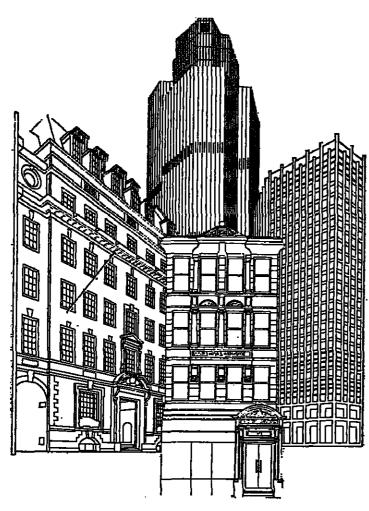
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# Ultimate seal of approval

## **Stockbrokers** and

Merchant Banks

STEFAN WAGSTYL

BY THE traditional standards of the City, The Unlisted Securities Market last year won

came the last of the blue-blood

It was a perhaps belated step down the path which its rivals among London's top merchant hanks had followed up to two years earlier—Kleinwort Benson, Lazards, Hill Same-A and important as a source of conS. Warburg all sponsored USM tacts with business communiissues in 1982, and Morgan ties across the country.

than a mere sign of the market's USM.
improving reputation. It is recognition of the fact that the cognition of the fact that the USM has become—at least to the market about one third some merchant banks—an of the 337 companies to join some merchant banks—an or the USM since it was started in important and growing source the USM since it was started in of new business. And it is a sign that these banks are prepared to battle with each other and with other issuing houses for their share of the emergent changed significantly over time, although larger merchant banks have gradually won business.

In each case, what attracts have the big merchant banks is not from the fees to be earned handling issuin the new issue, which may typically be £75,000, but the

are looking for new and excit- fees, in the future.

Among former USM companies which have been particularly active on the takeover trail are Aidcom, Tunstall Telecom, Oceonics Group, and Micro Focus, all of which are now fully listed.

However, not all merchant banks have been equally ener-gence or equally successful in their USM activities. Among its earliest and most consistent vices to the market in April, ing table shows, have been J. Henry Schroder Wagg became the last of the blue black. merchant banks to sponsor a list with 13 USM companies to its name, and Barclays Merchant

In each case, according to Mr

Bank, with eight.

in 1983.

But the presence of these leading City names on the lists of USM sponsors is far more than a mere sign of the marker's

have gradually won business from the non-stockbroking issuing houses.

However, the banks and

the new issue, which may typically be £75,000, but the issuing houses (counted tomuch larger profits to be won gether) have succeeded in gainfrom the client's subsequent corporate activities—like rights issues and acquisitions.

Mr Nicholas Jones, a Schroder's director says: "We the most corporate activity, and

1980-82, and 19 out of 34 in 1983-84 an increase from 25 to 56 per cent of the total.

What advantage—if any—do the USM companies themselves get from increased attention from the merchant banks? Companies are obliged to have

a broker—the question is whether it is worth paying an extra £30,000 to £40,000 for merchant bank services in a typical placing which is already costing say £120,000 in fees to brokers. lawyers

Merchant bankers argue that these extra fees will often be more than covered by the higher price they claim they can get for a company's shares, given the wider range of funds in which they can place shares. "We certainly can give extra placing power and we may get a better price," says Mr Jones of Schroder's.

The banks also argue that is worthwhile getting a second team of professionals, in addition to the brokers, to examine and value a company. Mr Simon Metcalf, a director of County Bank, says that in preparing a flotation a broker may face potential conflicts of interest because his "prime duty" is to his investing clients and not to the candidate not to the candidate

Brokers might answer that the banks are in a similar position since they must also consider the interests of funds where the shares are to be

Mr David Cohen, a partner with Simon and Coates, argues that cost is the main reason for not using a merchant bank. "If money were no object I would be delighted to work with a quality merchant bank."

For companies capitalised at

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market

ing companies which are going to be some of the winners of stock market in ten years' or more, banks and issuing time."

Of companies with an initial up to £20m it is no disadvantage to come to the market solely with a stockbroker, he says. However, for "mammoth com-panies" worth 425m and more, a merchant bank would be "4.

pre-requisite." There are contrasts between the number of issues which individual brokers have brought to the market on their own, and the number in which merchant banks or issuing houses have been involved.

Phillips and Drew, which had brought 22 companies to the USM by the end of last year (more than any other broker). worked with merchant banks on about half of these flotations. Two other fairly prolific USM

Two other fairly prolific USM brokers, Capel-Cure Myers and Grieveson Grant, have also frequently worked with the hanks. But Simon and Coates, a pioneer of the USM among brokers, was involved with merchant banks in just two of its 16 flotations. And a smaller but energetic USM broker Margetts and Addenbrooke has carried out all of its nine flotations.

getts and Addenbrooke has carried out all of its nine flotations unaided.

These differences are not a simple measure of a broker's enthusiasm in advising clients on whether to involve a bank. Frequently, it is the merchant bank which has taken the iniative and brought the business to the broker. ness to the broker.
Mr Cohen does accept that

a working relationship with a merchant bank is important to a young quoted company. But he argues that these links can be best and most cheaply formed after the flotation. "Merchant banks have expertise par excellence in cordevelopment where stockbrokers do not compete. But the acid test of a flotation is the market's reception of the new company. A spon-

measure directly since the share price in influenced by so many different factors.
One leading fund manager said that it was always re-assuring to find that a mer-chant bank as well as a stockbroker was putting its name behind the issue. "It adds a little something," he said.

sor's worth is impossible to

But another manager said London Venture Capital good as that of a "quality mer-

The unlisted securities market flotations by

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## LATEST recruit to the USM is Bluebird Toys. Currently British Toy Producer of the

Year, the company was started in 1981 by chairman Mr Torquil Norman (ex chief executive of Berwick Timpe). Over the last four years, turnover has increased from £1.25m to £5.5m. Mr Norman is pictured right with Mr Tom Charnock, managing director on his left.

# Climbing high after take-off

WHEN Valin Pollen International joined the Unlisted munications, KLP, and Craton Securities Market a year ago it Lodge and Knight all joined the was criticised in some staid corners of the City for its glossy and expensive picture-packed prospectus.

panies were the USM darlings of previous years, 1984 was the year of advertising, public relations and marketing groups.

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USM last year.
But the strong performance of these shares inevitably "It was a little bit over the top," says Mr Reg Valin, who founded the advertising and public relations agency with Mr Richard Pollen,

Richard Pollen.

But even VPI's critics would admit that the company has lived up to its extravagant opening gesture. The shares floated at 110p shot up 229 per cent over 1984.

VPI has been a leader in a sector of high-flying stocks—if computer and electronics companies were the USM darlings of previous years, 1984 was the year of advertising, public stocks—of advertising, public states and if the sector declines, how will Vallin Pollen fare?

The strongest point in VPI's shares might pose problems, ashere of the strack record. This favour is its track record. This month it announced pre-tax profits up 119 per cent to a f603,000, easily beating a flotation forecast of £425,000. Profits have at least doubled every year since the company was formed in 1979 when Mr Valin and Mr Pollen is riding the crest of a wave of demand from large companies for publicity services as they become increasingly aware of how they can support their share prices by improving communications.

"We feel we are keeping up with what the market expects of us," said Mr Valin.

VPI primarily serves com-panies wanting to improve their image in the financial and com-mercial communities, both in the UK and abroad. It does very little consumer-related work.

Mr Valin believes that the agency's strength lies in offering a broad range of services; public relations, advertising,

No other UK agency is so broadly-based, says Mr Valin. The competition is fragmented, divided between separate adver-tising, public relations and design agencies.

To cope with the constant increase in business—turnover has risen from £825,000 in 1979-80 to £17.8m last year—Valin Pollen has rapidly expanded staff to 145 people. Mr Valin says that recruitment is one of his most important concerns—a point borne out by the fact that it took VPI eight months to find a creative director, before making the appointment two weeks are ment two weeks ago.

VPI is also on the look-out for further acquisitions follow-ing the purchase of McAvoy Wreford and Associates, a wreford and Associates, a corporate communications agency, in September. It is particularly anxious to expand abroad, especially in the U.S.

Like other groups which thrive on publicity VPI has the agrangle of Santelly the communications agencies would ineveitably find it difficult to defend themselves might become predatory.

For the successful agencies there is the agrangle of Santelly the communications agencies would ineveitably find in the communications agencies would ineveitably find the communications agencies would ineveitably find agencies would agencies wou

abroad, especially in the U.S.

Like other groups which thrive on publicity. VPI has derived considerable benefits from joining the USM. Mr Valin says that the public launch has helped to attract new business from takeovers, while others might become predatory.

For the successful agencies there is the example of Saatchi to follow — in the eight years since its flotation has grown to £352m.

some of its biggest contracts— public relations work for the flotation of Reuters and for the forthcoming privatisation of

Mr Valin also hopes that the flotation will allow VPI to fund computer companies did last future acquisitions with shares, year. And if the sector declines, bow will Vallin Pollen fare?

But he admits that the high price/earnings multiple of VP1

can support their share prices by improving communications

with investors.
It has been relatively straightforward for Valin Pollen to tlemonstrate success since share prices have risen steadly, with breaks, over the past five

The agency has yet to be tested against unfavourable market conditions. But Mr Valin says that it would be as important for clients to maintain their links with investors in a bear market as in a bull market.

Parts of the agency's work Parts of the agency's work, for example, the production of annual reports would be largely maffected, he says. And if necessary Valin Pollen could trim costs and recruitment as other companies might.

Mr Neil Blackley, of James Capel the agency's stockbroker, believes that the successful example of Valin Pollen and others will tempt more companies in advertising public relations and related fields to come to the market, particularly if they are keen to make acquisitions.

More choice would allow investors to become more selective within the sector, said Mr Blackley.
Under these conditions some

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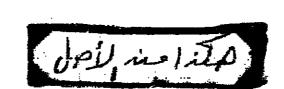
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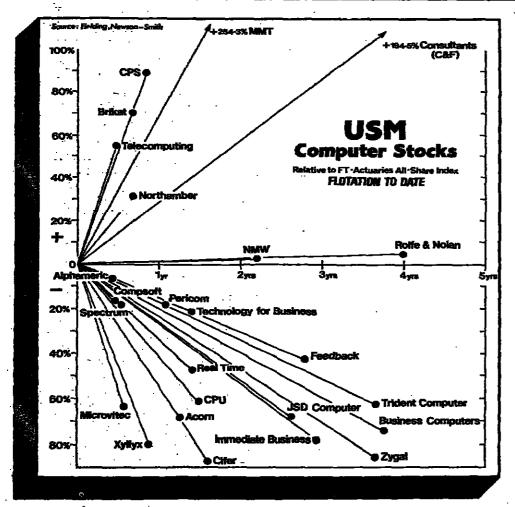
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# Unlisted Securities Market 7



Profile: Cifer

By Terry Garrett

# Brought to its

Market enthusiasm waned. The next blow to investor con-

at the time of the offer for

. What had gone wrong?

THE TALE of Cifer is a USM tion of products. Within three classic. Like others it launched months Cifer's stock was itself on the market fair oozing glamour and heady growth pros-pects only to find all too quickly that limited size and spread of products had it — and the share price — on its knees.

In less than two years Cifer has been transformed from a fashlonable investment into a loss maker with a bombed out share price. At the end of last year it appeared in Fielding, Newson-Smith's review of USM computer stocks among an investment list was described as a "kamikaze cocktail of recovery and start-up situa-

Cifer, a manufacturer of microcomputers and video terminals, joined the swelling raphs of USM high-technology gering £977,000 leaders in May 1983. Some dividend that had stocke in May 1983. Some dividend that had some terminal for its may notice of 1150.

mum price of 115p.
On the forecast profit of £1.35m, the shares were rated on a prospective p/e of just under 28. The net proceeds of £2.2m, city and develop a new genera- £400,000 on product develop-

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ment and £300,000 on establishing a factory in Cwmbran withchanging hands at 188p. out the support of consistent Cifer achieved its profits forecast to September but with

The company's borrowings very little to spare because the final quarter had been hit by an unforeseen downturn in the thirds of shareholders' funds and the share price had col-lapsed to 65p—little more than a third of its value less than a microcomputer market and a shortage of key components. year before. The shares were destined to drop as low as 16p before they could find a footfidence came in March when the

chairman, Mr Oliver Newman, told shareholders in his annual Management changes had report that the costs of opencompounded the problems, ing the South Wales manufac-turing plant and introducing new products would "eleminate though the disruptions had not stopped. Last June, two weeks after orening the Welsh factory, Cifer made 128 of its profits" in the first half of staff redundant at its plant in In the event the 28 weeks to April 14 1984 produced a stag-gering £977,000 loss and the dividend that had been forecast Melksham, Wiltshire.

Within weeks there was a top management reshuffle with Mr Terry Cosgrave who was managing director stepping down to a new post as commer-

were to be used to expand the could fill the gap. In six losses are expected to have concompany's manufacturing capamonths. Cifer had spent tinued into the second balf. tinued into the second balf. Outside forecasts of a £11m loss for the full year to last September can be found. The new management team is in place, however, and if it can get its latest products flowing from the factories in sufficient quantities Cifer could bounce back in the current year. Confidence, however, has been shaken and the share price has been flat on its back for months.

With hindsight Cifer's prob-lems seem fairly obvious and possibly could have been avoided, at least in part. As a lesson for investors, the whole saga pinpoints the vulnerability saga purpoints the vulnerability of small companies in develop-ing markets which are relying heavily on one product, even if there are a number of deriva-

Companies, such as Cifer, can be hit by a "coincidence of problems" which they simply lack the financial muscle and perhaps, management, ability to

Size, of course, is crucial and with a healthy revenue flow most companies can ride out temporary hiccups in a market or product development. Yet sibly even more critical is

to have a fair spread of pro-Acorn, for example, which must be one of the best known names on the market with its BBC computers stumbled badly when it tried to enter the U.S. market. Despite its size. Acorn is still essentially a one product company and that marketing

mistake cost the group heavily in terms of stock market rating. The market generally is now alive to the potential pitmore alive to the potential pit-falls facing computer hardware companies which have risen rapidly on the back of a highly successful specialised product. Once the hardware companies dominated the list of fashlon-able high-tech investments but that has perceptibly changed.

Software operations (generally with a broader base) and the distribution companies are attracting more attention. While they may not offer such spectacular growth potential as some hardware businesses they do reward shareholders with nore stability.

Yet a few recent entrants among the software companies are displaying the same dubious qualities as some troubled hardware houses—success built almost exclusively on one or two product lines.

When those products reach the end of their market cycle problems are bound to arise unless the next generation of products is firmly in place. And Cifer is a fine example of a company which thought it had that next generation firmly in its grasp but alas, had not.

# Amount of research a problem for brokers

THE USM roll call looks set to lengthen considerably in 1985 with brokers and accountants with brokers and accountants reporting a higher than ever number of companies being nursed in the wings for a flotation within the year.

As the market grows in size and apparent stability, and attracts more investors, it poses a problem for stockbrokers. How many companies should they research and into what depth? Are there enough clients interested to justify the cost of research?

Hoare Govett, has probably embraced the USM win greatest enthusiasm among stockbroking firms. It set up its USM service towards the end of 1983 with theaim of providing a genera service which would include an in depth study of a number of stocks; the publication of a director (now annual) providing information on all unlited com-panies; and a weekly USM review which includes a comment on the week's performance of the market with price changes and statistical informa-

The firm later extended its service to Topic so that clients can call up information on their screens. Houre Govett now provides a critique of all new prospectuses with a genera comment on new issues.

The information is printed from time to time for reference purposes. A detailed database has been built up and this is of assistance both to investors in determining trends, and to its corporate finance department in planning a new fiota-

Grieveson Grant has built up special USM service which seeks to provide clients with a regular review of new issues and results. The pace at which the market is growing is leading the firm to review its coverage and look for ways of following the burgeoning number of

As well as providing an over picture of the market we expanding the analytical are side and the number of in-depth reviews of stocks," said Isabel Unsworth of Grievesons.

The firm already gives dethe USM and Rule 163. Such specialist coverage will gradus ally be extended to other security new products, which had down overheads and return the been hit by technical problems, could fill the gap. In all lands to the black of the products of the specialist coverage will gradually be extended to other sec services, retailing and

Simon & Coates is another stockbroker which has estab lished a reputation for sound advice on the USM, though its approach has been different to Hoare Govett. It has concen trated on the electricals sector, both as a new issues sponsor and as a market researcher.

"We have thought of extending our coverage, but it is a question of cost effectiveness," said Mike Whitaker, a partner at Simon & Coates.

The average levels of trading in established USM stocks is low and for small amounts because of the size of the com-

panies,

Such dealing that there is tends to be done through the company's brokers, thus limiting the amount of business available to other firms. By concentrating on electrical stocks, Simon & Coates has managed to build a healthy business, both in bringing new companies to the market and in the marketing of their shares.

The small investor still plays a relatively small part in the USM. Institutional investors account for the bulk of the business so stockbrokers address themselves mainly to institutional needs.

Hoare Govett, one of the Hoare Govett, one or the larger corporate brokers decided it was a sector that should not be neglected. "There is a climate of greater awareness of smaller companies and their needs," said Geoff Douglas of Hoare Govett. The firm, feet it would be short-sighted to ignore a sector which includes some of the growth companies for the future.

There are a few specific USM based unit trust funds, from Britannia Arrow, Ivory and Sime, and Temple Bar Fund Managers. There are others which concentrate on smaller companies, not limited to the USM. For this reason, James Capel decided to base its research more broadly on small companies which fitted certain

"We look for companies with "We look for companies with good prospects of above average earnings per share potential or management turnaround situations." said Neil Blackley of James Capel. The firm also tries to cover certain "niche" sectors such as marketing, advertising and public relations.

There wil always be a limit

There wil always be a limit to the depth of research available on USM stocks, reflecting the limited volume of trading which most of them generate. The market has established itself sufficiently, however, to win the attention of some larger stockbooking firms which aim. stockbroking firms which aim to provide a comprehensive ser-vice to clients.

Alison Hogan

Who'll really be running your company once you're on the USM Some anonymous pension fund? An obstructive outside shareholder? Your sponsors? The Council of the Stock Exchange? Dare we say it, your accountants?

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Hopefully, none of them.

can be a major worry about going public. By providing informed and objective advice at an early stage, however, we can alleviate some of these anxieties and help you avoid some of the hazards of going onto the USM. It may simply be a matter of asking some pertinent

And yet we know from our research that loss of control

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Do you have a suitable company structure and management team?

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Or you may even wish to consider some of the alternatives to the USM. (The OTC market, for example, may be a

nore suitable route for some companies.) You'll find some of our thoughts on the ÚSM and how to prepare for it in our booklet 'Preparing for

You may also be interested in a survey of 76 companies already on the USM, commissioned by Spicer and Pegler. We asked them why they had decided to obtain a quotation, whether their expectations had been fulfilled

and, if not, why not. It's now available as a document entitled 'The USM Experience'

If you'd like either publication, or if you'd like to discuss the USM more fully, just tick the appropriate box in the coupon below and we'll forward it to your nearest Spicer and Pegler office.

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# Unlisted Securities Market 8

# Fewer hammering at the door

## Start-up **Ventures**

WILLIAM DAWKINS

THERE ARE signs that the USM's somewhat racy image is fading into respectability. The fact that it had acquired

such a reputation in the first place owes much to the exotic band of start-up ventures which have been attracted to the junior stock market. They in-clude concerns as diverse as a Welsh gold mine, a threedimensional camera maker, a group which turns rubbish into energy, and a creator of synthetic protein.
Yet the rate at which so-called

greenfields companies are coming to the USM appears to be falling steeply. It has been well over six months since a start-up last knocked on the Stock Exchange's door, and that was when Applied Holo-graphics a producer of highspeed hologram copiers and Hobson. an aluminium die maker, joined the USM within a week of each other last June.

Normally, USM entrants must have at least three years' audited accounts behind them audited accounts bening them
to qualify for a quotation. However, companies with a very
short trading record or no
record at all are sometimes
admitted.

The SE's rules say that such companies "would be expected to show that funds were re-quired to finance a project or synthetic industrial materials; product which could be shown serious trading problems at

time-scale before income started

stage and have started to ex-ploit commercially their new projects will find it very difficult to gain admission to the USM unless they can show a three-year trading record.

One reason for the decline in the number of greenfields companies joining the USM might be that professional advisers are increasingly realis-ing that a public flotation is not necessarily the most appro-priate way to raise money

Another deterrent to unquoted greenfields ventures con-sidering a USM flotation is the rough reception which investors have accorded to currently quoted start-ups. The shares of ten out of the 13 greenfields ventures on the USM were trading at below their issue prices at the time of writing.

Investors' patience has been sorely tried by a rash of rights issues, persistent losses and simmering management prob-

Gremlins encountered by the USM's start-ups in the past year include a surprise £2.35m cash call by Immediate Business Systems, a portable billing equipment maker; the resigna-tion of the technical director of

into private ownership of Airwas not unduly protracted."

Companies which have progressed beyond the research stage and have started to ex
board of Hobson and their

managing director. Their problems point right to the heart of the most sensitive aspect of the task which the USM's creators set for it: to make it easier for young com-panies to join the stock market without reducing standards to the point at which its own repu-start-ups.

tation and investors' interests would be jeopardised. But in spite of the USM startpriate way to raise money for such ventures. The SE is also concerned about the uncertain quality of some of the start-ups which have joined the junior market.

But in spite of the USM start-up ventures rocky record, meet up ventures rocky record all, it would be surprising it a community of almost 340 companies did not produce a few duds, and the greenfields are not the only high risk propositions on the stock market.

However, their fate does invite the question of why businesses which are similarly long on hope and short on profits

on hope and short on profits are generally getting a warmer reception from the UK's bur-geoning private venture capital One answer is that private

One answer is that private venture capital investors can broadly afford to take a more robust attitude to risk. For a start, they are likely to get in at a lower price, slace start-ups raising cash through private placings have tended recently to achieve lower earnings multiples than they might have expected on the USM.

And if the project qualifies for Business Expansion Scheme

for Business Expansion Scheme tax relief — an incentive denied

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to be fully researched and Applied Botanics, the potpiant shareholders will be locked in costed, and where the expected producer; the disappearance for five years on pain of long. for five years on pain of loding their tax breaks, helping to ensure a stable investor bere-

for the company.

Storeover, institutional investors tend to feel happing when the problems which most greenfield companies will inevitably encounter in their early years can be quietly colved behind closed doors, and with-out attracting the unpitying glare of publicity which is usually cast on struckling USM

Private investors are also less exposed than public ones to the risk that the value of their shares will be knocked bowlegged by a surprise announce-

ment.
The market in most USM start-up companies' shares is so restricted that it is not worth stockbrokers' while to devote much research to them. As a result, unforeseen and poorly understood hitches can have an exaggerated offer or share

The SE's disclosure requirements can also be a drawback for greenfields companies. especially when sensitive negr tiations have to be made public. One venture admits to having lost an important contract because it was obliged to make a public statement about the uncompleted deal following an unusual movement in its share

On the other hand, the same company has also collected than from USM investors in rights issues. Says the chairman: "For us, you could say it has been a bit of a love-hate relationship USM investors - private with the USM."

# Swelling ranks of millionaires

Striking it Rich

TERRY GARRETT

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THE millionaires' club they call it. And not surprisingly, for the advent of the USM four years ago has probably done more to swell the exclusive ranks of this country's multi-millionaires than all the newspaper binges or gaming tables in London's swish nightspots put together.

According to accountants
Touche Ross, who keep a close
watch on the market, by the end
of last year 322 millionaires had been created by bringing their companies to the USM. Some individuals have achieved spec-tacular sums. For example, a few eyebrows were raised when John Aspinall and Sir James Goldsmith raised £9m b\*tween them when they floated the Aspinalls gaming club on the

which manufactures made very rich men out of Herman Hauser and Chris Curry. At the height of Acorn's stock market fortunes last year Herman Hauser's stake in the company was worth inexcess of

Since then Acorn has fallen from grace in the market's eyes and the shares have taken quite and the shares have taken quite a mauling. That highlights a significant feature of many of the new generation of million-aires. Much of their wealth is more apparent than real. Their wealth in large part is the shares they hold in their companies—shares that they are

unlikely or unwilling to sell in large numbers. And share prices can be notoriously volatile. especially among some of the smallest USM companies. There are those directors who are in and out of the "millionaires club" like yo-yos as the value of their share certificates goes up and down.

Figures from Geoffrey fall.

Douglas, the USM guru at stock- In Douglas, the USM guru at stock-brokers Hoare Govett show that the average amount of equity USM funds, expect to see the

issued to the public at the time of flotation is 25 per cent. The average free equity in quoted USM companies is 34 per cent. The difference suggests that after the initial new issue directors then gradually sell small parcels of stock.

But a more likely reason is that USM companies use their quoted paper to make acquisitions, thus diluting the founders' investments and creating more free capital.

Selling of shares by the founders, other than the initial money raised on flotation, is actually quite rare. But, of course bearing in mind that all these companies have come along in the last four years most of the new millionaires have not worked their way through the first lump sum yet.

Investors, whether private in-dividuals or institutions, tend to have mixed feelings about the amount of shares sold by the directors. Most like to see a package of new shares, raising money for the company, and existing shares from the founders at the time of the new

Of course, not all companies need a cash injection, but still it seems surprising that directors who are busy raising money for themselves cannot see opportunities in raising money for their company to accelerate its growth. If they market believes that the founders are do-ing little more than cashing in a large number of chips while the going is good the dssue is not going to attract much of a

But after that initial fund raising most investors prefer the founders to keep hold of their equity stakes. It displays a sense of confidence in, and com-mitment to, the company which gives some comfort to outside

shareholders.
Of course any determined selling by major sharehold is inside the company would bound to be interpreted sourly in the market and the share price could easily slip into free

Indeed

holdings of leading personalities in the companies they backing to be locked in, at least for a year after flotation.

prices.

It is with these companies where the City welcomes a few more shares from the directors.

Sponsors often insist that the directors sell no more shares tive measuring equipment, is a for a year after the initial new issue. In some cases the directors are committed for far ment to last October's one for longer, especially in service ten rights issue, the City was companies where the main happy to take up the extra assets of the business are so stock.

often its people. Not that the handcuffs canmarket just over a year ago in one of the largest ever fund reising exercises on the USM — four fifth of the capital went

on sale raising £20m.
Sales by the company, which is based upon making industrial components from synthetic materials, proved disappointing, but the real blow to the share price came last september when Mr Ken Happel, the U.S. inventor who developed the company's process, resigned due to ill-health.

Despite his agreement to recain shares in the company until the end of 1985 he was allowed to sell his remaining interest, amounting to just 2.68

Equally there are a large number of USM companies which the investing institutions would be more than willing to see the directors make available some more shares. The

If there is a m paper millionaires it is that the market will quite cheerfully not be broken on the odd market will quite cheerfully occassion. Take the case of turn some of that paper into Synterials, which came to the hard cash as long as the company appears to be progressing and that the flow of shares is controlled in a sensible fashion.

And if there is a criticism it is that some of those business-men were in soo much of a burry to join the club. The USM's list of failures and duff panies which came to the market

Instead of joining the USM some of those companies should have considered tapping the nave considered tapping the plethores of venture and development capitalists who are more willing to live with an erratic performance in young operations. And there is no share price or smell investors to warry about.

But of course venture capi-talists are not so free and easy with earnings multiples in the high twenties as stock market investors and that means the able some more shares. The founders have to part with USM is notorious for thinly more shares for less each. That traded shares, and stock in well cramps the potential later on respected companies is rarely dor getting a good seat in the easy to pick up at sensible millionaires club.

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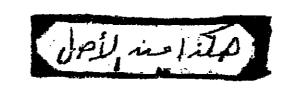
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